



THE INDEPENDENT

Nº 3116

TUESDAY 15 OCTOBER 1996

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Tories caught in Cullen crossfire

Attitudes to ban shown as two-faced

James Cullen and Michael Streeter

The Government faces embarrassing disclosures about its two-faced attitude to gun law as the Cullen Report comes to a head today. Ministers are expected to adopt a compromise which will ban privately-held handguns and insist they are stored at gun clubs, whatever comes out of the Cullen Report on the Dunblane massacre, which is published tomorrow. But that will not satisfy Dunblane campaigners, who want an outright handgun ban, nor the shooting lobby, which considers the scheme unworkable.

A battle between the British Shooting Sports Council and the Snowdrop Appeal has raged over the Cullen Report into the hands of a teacher and 16 children at Dunblane Primary School. The compromise also contradicts Home Office opinion of last year, which pointed out big "problems" with the scheme. Home Office Minister David Maclean, speaking in a Commons debate last year, said removing guns from where they would cause a "flagrant" problem of "urban dwellers going to all the firearms clubs to get firearms. We would also need a big increase in the number of available armories and central storage areas."

The "stupid" contradiction stance has been a suppressed report of a government working party which warned 24 years ago that a clamp was needed on privately-held firearms. The *Independent* has obtained a copy of the internal Home Office report, compiled by some of the country's most senior police officers of the time. Written in 1972, it demanded a radical shake-up of gun controls if Britain was not to descend into a gun culture.

Last night police officers and MPs said that if the report's warnings had been heeded, the tragedies at Dunblane and Hungerford may never have happened. David Clark, secretary of the Police Superintendents' Association, said: "The recommendations made in this report are almost a word for word the recommendations that the police service are making today."

The chief author of the re-

port, Sir John McKay, a former chief inspector of constabulary, last night said he was sorry his advice had not been acted on. "I had a good deal of support from the police service for the kind of recommendations that I made at that time and, if action had been taken, a good deal of unfortunate occurrences that have happened might have been avoided."

The 76 recommendations of the Working Party on the Control of Firearms included:

- A national weapons index which would be placed on the police national computer and could be accessed by all forces.
- A system to ensure that all weapons were given an identification serial number.
- A central office for processing all applications for firearms certificates.
- Subjecting shotguns to the same tough controls applied to Section One firearms.
- A clampdown on gun dealers to ensure ownership of privately-held firearms was kept to an "absolute minimum".

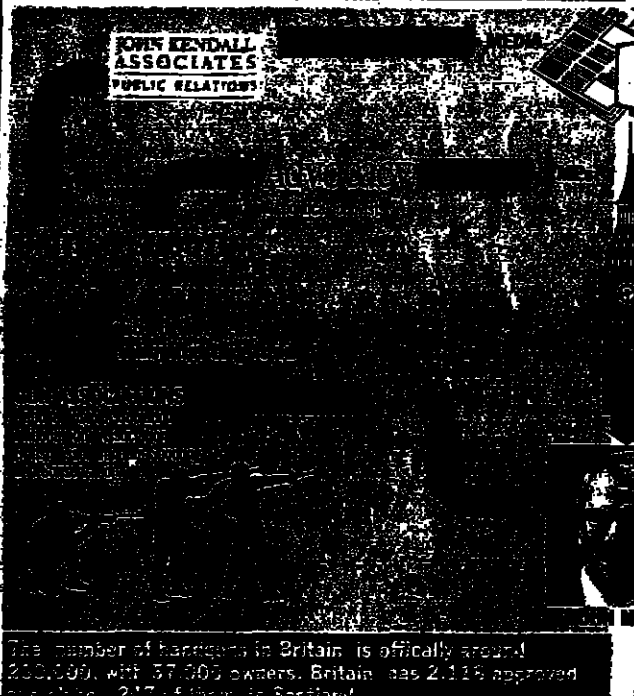
The findings were presented to Robert Carr, home secretary in Edward Heath's government, in September 1972. The report was not published.

Gun-control groups described it as "dynamic" and said that it explicitly showed how governments had failed to address Britain's growing firearms problem and had been manipulated by the gun lobby. Ian Taylor, a member of the Gun Control Network, said: "Why does an organisation like the Home Office dump proposals of this kind and put them on the back burner?"

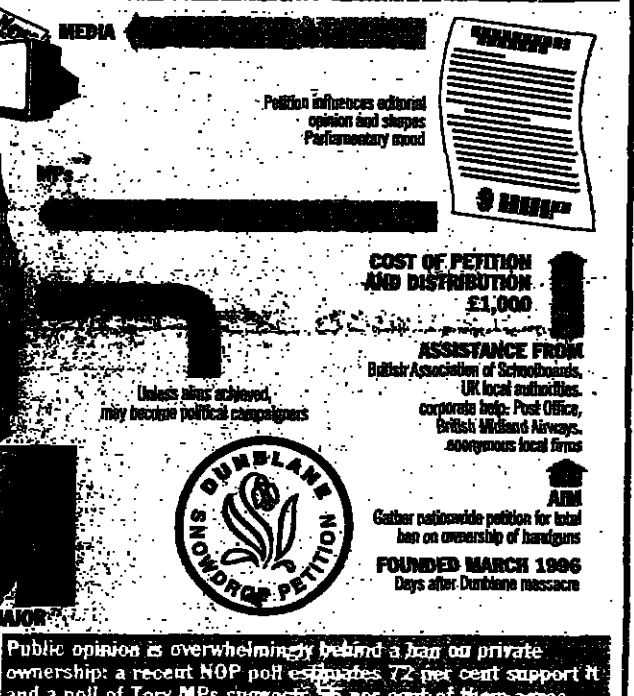
Gerry Birmingham MP, a Labour member of the Home Affairs Select Committee, which recently reported on the dangers of handguns, said: "If we had monitored this issue more carefully over the years and looked at this report and acted upon it, we would not be in the position we are today."

The report said: "We are satisfied that the holding of firearms by private individuals does contribute to crime committed with firearms and we conclude that a reduction in the number of firearms in private hands is therefore a desirable end in itself."

The Home Office commissioned the research after a series of shooting incidents in the 1970s had caused concern.



The number of handguns in Britain is officially around 2,000,000, with 37,000 owners. Britain has 2,115 approved gun clubs, 247 of them in Scotland.



Public opinion is overwhelmingly behind a ban on private ownership: a recent NOP poll estimates 72 per cent support it and a poll of Tory MPs suggests 50 per cent of them agree.

Two lobbies: The gun and the snowdrop

Michael Streeter and James Cusick

The two lobbies could not be more different - a highly professional campaign funded by shooting enthusiasts on the one hand, moral outrage from a small group of parents using a snowdrop as their campaign insignia on the other.

The pro-gun lobby moved into action after the Dunblane killings, setting up a fighting fund, which it hopes will raise £500,000, to hire sophisticated public relations and lobby firms.

Their campaign to prevent tough new legislation against the country's shooters was channelled in two directions. The British Shooting Sports Council, which set up the fund and represents various shooting associations, hired the Westminster lobby firm Advocacy to influence the views of politicians.

The lobby firm helped draft a letter from the council to all MPs before Parliament began its summer recess. Advocacy and the council had stalls at the Conservative and Liberal Democrat Party conferences, and appeared at the Labour Party's fringe events in Blackpool.

Individual shooters have also been urged to write to their MPs and turn up at surgeries.

The shooting lobby historically had a number of sympathisers in positions of power. The Home Secretary, Michael Howard, is an occasional shooter, as are Secretary of State for Defence, Michael Ruffin and Secretary of State for Social Security, Peter Lilley, who favours clay pigeon shooting - though there is no suggestion they have tried to influence the current debate. Some 60 MPs and peers

are members of the Palace of Westminster Rifle Club.

The council also hired PR firm John Kendall Associates whose remit has been to monitor the media and ensure that in the voice of the gun lobby was heard in debates. However, not all gun users are happy with the campaign, claiming it has been ineffective and weak in comparison with the anti-gun Snowdrop Appeal.

Organisers of that appeal vowed yesterday they would "not go away" should the Government opt for anything less than a total ban.

Jackie Walsh, one of the country's shooters, confirmed her group would turn firearms into an election issue. "It's what the Government does with Cullen [report] that is important. Even if Lord Cullen does not recommend what we demand, a total ban on handguns, the Government can still decide to opt for a total ban," said Mrs Walsh.

Snowdrop's co-founder, Ann Pearson, who delivered an emotional address at Labour's conference, has not ruled out standing as a candidate against Michael Forsyth in his Stirling constituency, where he has a majority of just 703.

The Snowdrop Appeal group, through the 705,000 signature petition handed in to the Commons in July, has become the unofficial voice of the parents of the children killed or injured in Dunblane Primary School in March.

Snowdrop's petition was helped by national school organisations, the Post Office, British Midland Airways and a host of large local firms who have helped anonymously.

Gun club man killed car thief

Jojo Moyes

A gun club member on his way home after a day's pistol practice shot and killed a man who was attempting to break into his car, a court heard yesterday.

Mr. Martin Wise, a 36-year-old gamekeeper, appeared at Maidstone Crown Court in Kent accused of the manslaughter of Matthew Hodge, 20, who he shot through the heart at point blank range with a 25 auto Baby Browning pistol in August last year. The father-of-three, from

Hildenborough, Kent, denies manslaughter.

Prosecutor Michael Gale QC said on the day of the shooting Mr. Wise had been practising at a pistol club. He held a firearms certificate enabling him to possess shotguns, rifles and pistols.

The certificate required him to keep the guns at his parents' house and Mr. Wise was on his way to return the guns when he caught Mr. Hodge in his Ford Escort car.

The pistol was in Mr. Wise's trouser pocket and he said he

did not know it was loaded. He told police it went off accidentally after he pulled it from his pocket and cocked it to warn Mr. Hodge. He said he feared attack after Mr. Hodge lunged at him with a spanner.

"There is a possibility, however, that he knew somebody was interfering with the car and armed himself with a weapon in order to confront this thief," Mr. Gale said.

He added that scientific evidence would prove that the gun could not be fired acci-

dentally. Bruising found on the inside of Mr. Hodge's arm indicated that his arm was positioned behind his body at the time he was shot.

"If that is right it is inconsistent with the defendant's account that Mr. Hodge was coming at him with the monkey wrench."

The court heard that Mr. Hodge stumbled to a getaway car but fell unconscious before it reached hospital. Attempts to revive him failed.

The case continues.

QUICKLY

Blair's family values
Tony Blair firmly put the family at the heart of his call for a "decent society", within which opportunity was matched by responsibility, in a speech in South Africa. Page 9

Seize inquiry backed
The Speaker of the House of Commons, Betty Boothroyd, endorsed a joint call by all opposition parties for a full inquiry into allegations against Neil Hamilton, the former trade minister. Page 2

Rail shares bonanza
Seven founder investors in British Rail, set up to bid for passenger train franchises, were last night on a bonanza worth £27m since launching a rights issue. Page 28

Mercy killing verdict
A man who killed his elder brother in the first known mercy killing case, to have reached the Scottish courts unexpectedly walked free yesterday. Page 10

Sainsbury's could run family doctor clinics

Celia Brown
Chief Political Correspondent

Government proposals for a dramatic expansion of general practice will leave the door open for private retailers such as Sainsbury's or Asda to offer NHS family doctor clinics in shopping malls.

A White Paper out today will pave the way for super-surgeries, combining family doctor surgeries, out-patient clinics, small surgical operations and other services under one roof. It will be followed by legislation to be published with the Queen's Speech next week.

A leaked background document for the Bill, which *The Independent* has obtained, shows that ministers plan to allow a wide definition of those who may offer GP services in pilot schemes. It says any GP practice or "other organisation" may apply to provide personal medical services.

A government source said:



"We would not foresee any great numbers of pilot schemes involving commercial organisations but don't rule it out altogether. The aim is to let a thousand flowers bloom."

There may be attractions to following out-stop centres to open in shopping malls, for the convenience of patients. But ministerial sources were adamant there will be no breach

in the commitment to maintain the NHS as a free service paid for by taxation. The patients will not be charged, although the operators would be allocated NHS funds to open the surgeries.

The White Paper, to be announced to the Commons in a statement by Stephen Dorrell, Secretary of State for Health, will also let hospital trusts employ GPs to provide family doctor services in areas where GP cover is poor.

Chris Smith, shadow health secretary, called on Mr. Dorrell to give a guarantee that it would not lead to commercial operations being allowed to offer GP services in the High Street, for which patients may have to pay. "Mr. Dorrell must come clean over whether he wants to see GP services franchised out to organisations like retailers or pharmaceutical companies," Mr. Smith said.

Ministerial sources confirmed last night that it was the intention to remove obstacles to

flexibility.

A private surgery was opened recently at Victoria station, London, where patients are charged £32 a time. Denying it would be the model for further surgeries, a government source said: "The Victoria surgery is entirely private. It is completely outwith these proposals."

John Major last week reaffirmed the Tories' commitment to the NHS, ruling out charging for treatment, but the influential right-wing think tank, the Adam Smith Institute, published a report calling for a "core curriculum" in NHS cover and for "top up" provision through insurance.

Mr. Dorrell believes his White Paper will put Labour on the defensive over health. It promises to build on the successes in the GP fundholding system, which Labour is committed to replacing with a co-operative system under which GPs would work together to stop queue-jumping.

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Her fourth birthday may well be her last, but she isn't ill



She's poor

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news

Virginia boasts of her selfless availability

The standards of the parties have been raised, and over the months ahead the country will resound to the clash of steel, the whirr of cannon-balls and the cries of civil strife. On the right (by their own accounts) is the party of Merrie England, of tradition, fun and laughter. Opposing them from the left, are the forces of Puritanism, of clean thought and of reform.

Leading for the Roundheads yesterday was Jack Cunningham, Labour's heritage spokesman, and a man who gives the impression that he masters as much of his brief as he feels is necessary, while shaving. What, he asked, did those companies invited to pay £500 to "meet Virginia Bot-



DAVID AARONOVITCH

tomley and the heritage team" in Bournemouth last week, get for their money?

There were titters. The sad truth is that the middle-aged men in the Chamber (OK, and the Press Gallery) think that there is something suggestive about *petit déjeuner* over Ginny, which there isn't about, say, breaking one's fast in the com-

pany of the fragrant Tony Newton or the malleable John Gummer. I was reminded of the Balliol College rules, of which number six was "no women visitors overnight", while rule seven read "no women are allowed to take breakfast in college". It was widely assumed, by the excited student body, that number seven invalidated number six.

Virginia's response was enigmatic. It was simply not necessary for anyone to fork out a monkey to sit next to her, because "I'm only too easy to meet in a number of settings." "Settings" sounded wonderfully exotic, and a number came immediately, unprompted, to my mind: Virginia aboard a pleasure barge on the Eu-

phrates, Virginia bathing in asses milk on the shores of fabled Trebizond, were the most interesting.

Labour's wayward pikeman, Tam Dalyell, was not satisfied. Could he have a serious answer to the question as to what advantage was gained by those who "paid £500 for breakfast, or whatever"? "Whatever?" What did he mean by "whatever"? Tempestuous sex? Eleventh? Whatever he meant, Virginia fuelled his ire by replying that she was anyway "available at virtually every tourist event that takes place". This was virtually a promise, and many of us who work in Westminster are now extremely worried about having to fight off

visiting Japanese businessmen, who (jaded by the flesh-pots of Bangkok) will be demanding to know the way to Mrs Bottomley's office.

But louché sex seems to be an important part of the Conservative Party's view of heritage. This was established by Thurrock's Andrew MacKinlay (a notorious Leveller), who quizzed the Lord Chancellor's representative, Gary Streeter, about reform of the House of Lords. Was it right, he asked, that voting membership could be decided - as in the recent Lord Moylan succession court case - by "who, how and where he slept with someone in the Far East"? To which Mr Streeter replied (shaking imag-

inary locks from his shoulders), that he was "proud to be British and proud of our traditions". Mmmm. To imply that having it off with a string of Thai brothel-keepers is part of our heritage, indicates a commendably broad-minded - almost Cavalier - attitude.

The grizzled Paul Flynn (Labour, Newport West), brought us back to sleaze and the £400,000 that Asil Nadir had donated to the Conservative Party. I did a quick sum, and calculated that, for this sum, Mr Nadir (had he only been a bit more patient) could have enjoyed breakfast with Mrs B. every morning for two years, two months and eight days. In a number of settings.

Call for sleaze inquiry backed by Boothroyd

JOHN RENTOUL
Political Correspondent

Betty Boothroyd, the Speaker of the House of Commons, yesterday lent her weight to a joint call by all the opposition parties for a full inquiry into cash-for-questions allegations against Neil Hamilton, the former trade minister who recently abandoned a libel action against *The Guardian* newspaper.

Fearing that the scandal could hang over the next six months in the run up to the general election, she said the "very serious" allegations "must be resolved as soon as possible".

The resumption of parliament had been pre-empted by a news conference yesterday morning, at which Donald Dewar and Archie Kirkwood, the Labour and Liberal Democrat chief whips, urged a beefing up of the new machinery for enforcing parliamentary ethical standards.

It was only the second combined opposition offensive since the Scott report into the sale of arms to Iraq. As well as representing the Liberal Democrats, Mr Kirkwood also acts as unofficial shop steward for the other minor parties.

He and Mr Dewar asked for "clarification" of the powers of Sir Gordon Downey, the commissioner for standards appointed earlier this year to police the new rules on MPs' conduct.

The rules were brought in after Lord Nolan's inquiry into the original claims that Tory MPs were paid to ask parliamentary questions.

Mr Dewar cast doubt on whether Sir Gordon, "a part-time civil servant" would have the powers and resources to carry out a "comprehensive" inquiry. "I would stress that we have no criticism of Sir Gordon Downey," Mr Dewar told jour-

'Proceedings should be as transparent as possible so as to maintain public confidence'

nalists. "Our questions relate to the machinery and specifically to the scope, not the adequacy, of his inquiry."

Ms Boothroyd later told MPs that she hoped the Committee on Standards and Privileges - to which Sir Gordon reports - would make an early report to the House so that the "full nature and scope of any investigation it undertakes may be made known".

She promised that "all necessary steps" would be taken to

ensure that the committee and Sir Gordon were "adequately staffed for whatever investigation they may undertake". Last night, Sir Gordon met the committee to discuss his inquiry.

Ms Boothroyd also said the proceedings of the inquiry should be "as transparent as possible, so as to maintain public confidence" - a clear signal to Tory business managers who would want to maintain the tradition of MPs deliberating on the conduct of one of their number in private.

Labour, on the other hand, is eager to exploit unease on the Tory benches about the Hamilton affair. A handful of Tory MPs were unhappy when they were asked to amend the 1688 Bill of Rights before the summer recess to allow Mr Hamilton to sue *The Guardian*.

But Mr Dewar accepted yesterday that David Willetts, the Treasury minister and former Government whip, could not be dragged into the Hamilton net. He and Mr Kirkwood asked for a separate investigation by the new Standards and Privileges Committee into Mr Willetts' role in an earlier MPs' inquiry into the Hamilton affair. It should look at his letter, which "at least considered putting pressure on members of the then Committee on Members' Interests", the opposition chief whips said.

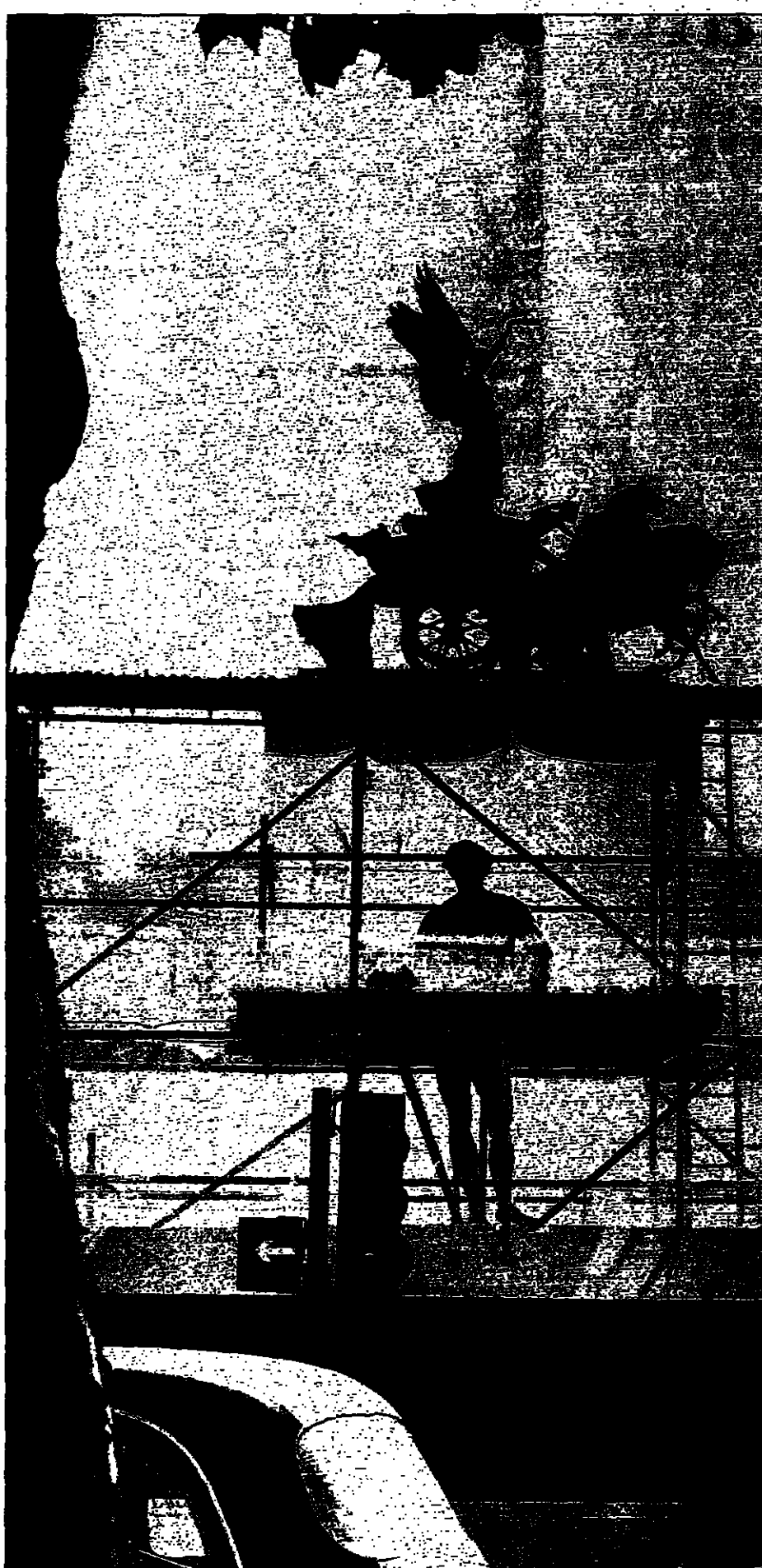
On the Commons' first day back, Labour continued to press unrelated "cash-for-access" accusations against Virginia Bottomley, Secretary of State for National Heritage.

Jack Cunningham, Labour's national heritage spokesman, demanded: "Why did you charge tourism industry people £500 each to have breakfast with you last week in Bournemouth?"

Mrs Bottomley said the event was open to anyone paying £7.50 and added: "Anybody who thought the only way to speak to me was to pay £500 would waste a great deal of money." She went on: "My understanding is that if you want to go to one of the Labour Party's nosh ups in Park Lane you have to pay £1,000."



United front: Donald Dewar, left, and Archie Kirkwood join forces yesterday. Photograph: Geraint Lewis



Skyline silhouette: The Machine Gun Corps statue at Hyde Park Corner, with Wellington Arch to the rear, swathed in sheeting for a three-month clean-up. Photograph: Kevin Weaver

significant shorts

No new trial for ex-Army officer

The Court of Appeal drew a line under the Colin Wallace affair yesterday, saying the former Army information officer should not face a retrial after being cleared of the manslaughter of a friend 16 years ago. SAS-trained Mr Wallace had his conviction quashed by the Lord Chief Justice, Lord Bingham, last week.

Lord Bingham said the court doubted whether a retrial was practicable so long after the event since certain aspects of the case would have to be reinvestigated. Mr Wallace, who refused to join MI5's "Clockwork Orange" operation which attempted to destabilise Harold Wilson, claims he was the victim of a dirty tricks campaign. Patricia Wynn Davies

Former tax chief denies corruption

Former senior tax inspector Michael Alcock denied corruption charges alleging that he accepted the services of a prostitute, free Concorde tickets, holidays and cash payments as bribes, when he appeared at the Old Bailey yesterday.

Alcock, 47, was allegedly given air tickets to the South of France, where his hotel bill was paid, as well as a holiday in Majorca, an American cruise and other gifts, as an "inducement or reward for showing favour" to businessmen.

The 13 charges against the former head of the Inland Revenue's investigation unit Special Office 2 cover June 1987 to October 1992. Alcock, from Colchester, Essex, appeared in the dock with Hisham Alwan and David Shamoon, who denied giving him bribes.

Police admit bugging jails

The Home Office and Prison Service has admitted for the first time that police are bugging prison cells and fitting listening devices to informers in jail in an attempt to obtain evidence from top-level criminals. Prison officers were angered by the revelation, fearing they could be the victims of a violent backlash by disgruntled inmates.

The listening devices are either hidden inside a cell, usually among the furniture, or attached to a police "grass". Although taped confessions obtained in this way are inadmissible in court, the police argue that they can obtain useful leads and tip-offs. Jason Bennett

Inquiry into BSE farmer

An Irish farmer is being investigated amid suggestions that he deliberately introduced a BSE-infected animal on to his farm to obtain lucrative compensation for the slaughter of his entire herd.

The Garda inquiry into the unnamed Tipperary farmer was prompted by the Irish Department of Agriculture, which discovered a clear discrepancy between the visible age of the infected animal and that shown by its ear-tag. This raised suspicions that the animal's real origins had been concealed. Alan Mulroch

Aids hotline at hospital

Managers at the Royal Albert Edward Hospital in Wigan have set up an emergency helpline for patients after an anaesthetist died of an AIDS-related illness last week. They said they only learnt of the doctor's illness two days before his death, adding that he had posed "no threat" to patients.

The doctor, who arrived in the UK in 1992 from the Indian sub-continent, had also worked at the Leigh Infirmary and Billinge Hospital. He had assisted at "a few hundred" operations.

He had also worked as an anaesthetist for the East Yorkshire Hospital Trust, the Royal Hull Trust and the Mid-Kent Health Care NHS Trust. The helpline number is 01942 822051. *Liz Hunt*

IRA suspects still held

Three IRA suspects arrested in early morning raids near Limerick were last night being held for questioning by gardai in the city under anti-terrorist detention powers.

The men include the Brighton prison escapee, Nessim Quinlan, 32, who is on bail awaiting the High Court hearing of a British extradition application. The arrests came amid a crackdown on republican suspects, following the IRA's return to violence.

New leads in murder hunt

Police investigating the murder of Dublin crime journalist Veronica Guerin have seized more than 100 guns and broken up three criminal gangs since her shooting last June.

Detectives last night said they had narrowed the list of suspects for Ms Guerin's death down to a small number of criminals.

The killing is not thought to have been carried out by contact killers, as first believed, but by gunmen acting on the orders of a known crime boss, who feared the journalist was on the point of exposing major drugs-trafficking activities.

Old school tie for Soames

Nicholas Soames, unashamed bon viveur, has told friends he will be sporting his old school tie in the Commons today. The Minister of State for Defence was spotted shopping for a new Eton old boys' tie yesterday at his tailor's in St James's.

Unless he is nobbled by the whips, he has told friends he is planning to wear the tie to wind up the two-day defence debate.

There may be a few eyebrows raised on the Tory benches, after the efforts of John Major last week to present his humble background as a Brighton grammar school boy compared to the privately educated Labour leader, Tony Blair. *Colin Brown*

Drunk coach driver banned

Colin Murphy, 28, a coach driver who took children on a trip to the seaside while almost twice over the drink limit, was banned from driving for three years. He had put his 82 passengers, mostly young children, "in great danger", Preston magistrates heard. He was also fined £750.

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Birt backs down over World Service

CHRIS BLACKHURST
Westminster Correspondent

John Birt's plans to shake-up the BBC World Service received a set-back yesterday when the BBC Director-General bowed to pressure to introduce safeguards preserving its historic independence.

In a joint statement, the BBC and Foreign Office, which funds the World Service, said 20 checks would be implemented to protect its reputation for quality. Foremost among them was the assurance that the World Service would still have its own English language news service.

The statement followed heavy criticism of Mr Birt's plan to merge the World Service's English language news department with the BBC's domestic news and current affairs operation.

Under the proposal agreed by Malcolm Rifkind, the Foreign Secretary and Sir Christopher Blundell, Chairman of the BBC Board of Governors, the World Service will retain its own dedicated, standalone news-gathering staff.

Mr Rifkind, who is understood to have been irritated by

the unilateral way the BBC plan was presented to him, insisted the two newsrooms should not be united completely and that the World Service should retain an element of control. Under the joint plan announced yesterday, they will move closer: World Service items will be produced by a dedicated unit within BBC News.

But the World Service will continue to have its own people seconded from BBC News. World Service programme commissioners will have the power to specify content, style, range and breadth of programmes.

In the event of a dispute, the World Service can go to senior BBC management - right up to Mr Birt - and the BBC's Board of Governors will have to be informed. Staff at the BBC remained "sceptical" about the impact of the safeguards. "We have still to be convinced," said one BBC insider. "There is still a lot of concern."

John Birt said: "The process has been healthy and constructive: it has strengthened the World Service, helped safeguard the quality and ethos of a service we all value, and deepened the relationship between the BBC and the Foreign and Commonwealth Office."

Sir Christopher echoed Mr Birt: "It has been an extremely useful process. It has allowed the BBC to clarify the issues and develop some of the detail of the re-organisation, enabling the Foreign Secretary to get a better understanding of the plans, and to recognise that the BBC vision for the World Service can bring substantial advantages."

Farmers' beef puts minister to flight

TONY HEATH

A police helicopter had to be called out yesterday to rescue the Secretary of State for Wales from a crowd of farmers protesting about the Government's handling of the BSE crisis.

William Hague was visiting Cymrych in Pembrokeshire to announce a £375,000 Sportlot grant towards a new sports centre at the local secondary school when a crowd of around 100 farmers gathered and blocked surrounding roads with tractors and muck-spreaders.

A stand-off developed before Dyfed-Powys police scrambled the force helicopter from its base at Carmarthen 20 miles away. But when Mr Hague arrived for his next engagement at Cardigan he was confronted by a further demonstration, and he agreed to meet a delegation to discuss their concerns.

Farmers' Union of Wales spokesman Gwilym Thomas said the protests were spontaneous expressions of frustration. "Financial hardship is growing, and it is no wonder that farmers are running out of patience."



John Birt: "Closer relations between BBC and FGO"

THE INDEPENDENT ABROAD

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Widow to attempt pregnancy by husband who died in US

PATRICIA WYNN DAVIES
Legal Affairs Editor

A widow's fight to have a child by her dead husband was thrown into relief yesterday as another bereaved wife revealed plans to have insemination treatment in the United States without facing legal restrictions.

Sandra Reed, from west London, whose husband Danny died on their honeymoon, plans to have a baby using his sperm even though it was taken from his body without his consent. Because he died in Florida, the 1990 Human Fertilisation and Embryology Act, which insists on written consent in such circumstances, does not apply.

The case contrasts with the dilemma facing the West Midlands woman known as DB, who will learn on Thursday whether she has succeeded in her court battle to conceive using sperm taken from her late husband when he was unconscious. Although she and her husband had discussed artificial insemination, the Human Fertilisation and Embryology Authority (HFEA) banned the use of his sperm either in Britain or abroad because he had not given consent in writing.

If Mrs B had been informed by hospital staff of the significance of written consent in cases where the father has died, she could have sought to be inseminated with the sperm before her husband's life support machine was switched off.

Mrs Reed is spared the British restrictions because her husband died hours before they were due to fly home from honeymoon. Danny Reed, a 24-year-old motor mechanic, died in an Orlando hospital of a brain haemorrhage.

In what many British fertility specialists are likely to view as another clear distinction between the two cases, the sperm was not taken from Mr Reed's body until seven hours after he was pronounced dead on 2 September.

The extraction of sperm was carried out by Dr Mark Jutras, the fertility specialist who pioneered the treatment two years ago.

Dr Jutras asked Mrs Reed, 28, to wait six months before making up her mind about having the treatment. But she says: "We dearly wanted a child... I want part of my husband to live on. If I don't have his child now, I would regret it for the rest of my life."

Oaths sworn by members of secret society can demonstrate their greater degree of probity, senior court decides

Masons make better jurors, say judges

CHRIS BLACKHURST
Westminster Correspondent

Freemasons may make better jurors than other people, three judges have suggested.

One was Lord Carlisle, chairman of the committee which advises the Prime Minister on former senior civil servants accepting jobs in the private sector. He was giving a ruling in the Court of Appeal in Guernsey with Sir Peter Gill and John Nutting QC.

Giving the unanimous written verdict of the three judges, Sir Peter said: "A conscientious mason will, if anything, bring to the office of juror [the Guernsey name for a juror] another degree of probity that will enhance not detract from that office."

The court was asked to rule on an application to discover if a majority of the jurors who sat on a 1994 civil action were members of the secretive order. The plaintiff demanded to know if the defendants, their relations and members of the jury were freemasons.

Not only did the appeal court dismiss the application but it went further. The suggestion that masons owed a higher degree of duty to each other than to their fellow citizens was rejected by the judges. "It follows," Sir Peter said, "that even if all the jurors were masons their obligations as masons did not conflict with their duties as jurors."

In 1994, a court dismissed a claim brought by Vekaplast Windows, a double-glazing company, against a former director and his wife for misappropriating £22,580.

On appeal, Vekaplast said it wanted to know if the jurors involved in the case were

masons and whether relations of the defendants were also in the same order. Vekaplast suspected the father and brother of the former director's wife belonged to the same lodge as people on the jury.

It was argued, said Sir Peter, "that the influence of masonry was such that the jurors consciously or unconsciously showed bias."

Vekaplast's application was described by the appeal court as "scandalous and vexatious".

The judges based their view on the fact that in order to become a mason, a recruit has to pass a range of tests and swear a series of blood-curdling oaths. While masons did not owe a higher duty to each other, their oaths required them to display a greater degree of probity, maintained the court.

That interpretation was disputed last night by the Labour MP Chris Mullin, who for some time has been concerned about the influence of masons in public life. Mr Mullin, the member for Sunderland South, sits on the Commons Select Committee on Home Affairs, which is shortly to commence the first parliamentary investigation of freemasonry and the legal system.

"The record shows that you can have less confidence on the whole in the probity of public officials who are freemasons," Mr Mullin said.

In the Channel Islands, where there are numerous masonic lodges, there was incredulity at the appeal court's view. In Guernsey, where the pound notes are coloured green, locals quoted an old saying: "Why are Guernsey pound notes green? Because the masons put the dye on before they're ripe."



A degree of probity: Masons' oaths impose higher standards, the judges suggested

Photograph: Stuart Freedman

The oaths

The juror's oath

"I swear by Almighty God that I will faithfully try the defendant(s) and give(s) a true verdict(s) according to the evidence."

The mason's oath

After promising to keep the secrets of Freemasonry the initiate says the following:

"These several points I solemnly swear to observe, without evasion, equivocation, or mental reservation of any kind, under no less penalty, on the violation of any of them, than that of having my throat cut across, my tongue torn out by the root, and buried in the sand of the sea at low water mark, or a cable's length from the shore, where the tide regularly ebbs and flows twice in 24 hours, or the more effective punishment of being branded as a wilfully perjured individual, void of all moral worth, and totally unfit to be received into this worshipful Lodge, or any other warranted Lodge or society of men, who prize honour and virtue above the external advantages of rank and fortune. So help me, God, and keep me steadfast in this my Great and Solemn Obligation of an Entered Apprentice Freemason."

Battle over stream tests environment watchdog's power

NICHOLAS SCHOON

A month-long war of words over water starts today with an unprecedented public inquiry over a much-loved chalk stream. It will establish how much power the Government's top environmental watchdog has over the privatised water companies.

The Environment Agency wants to cut the amount of water Thames Water is licensed to take from the chalk aquifer below the River Kennet during times of low flow. If it succeeds this will establish an important precedent in water supply versus wildlife conflicts. At the four week inquiry, held in a hotel in

Newbury, Berkshire, the agency will claim the Kennet - a Government-designated Site of Special Scientific Interest because of its rich wildlife - is already damaged by abstraction from the Oxford borehole, less than half a mile from the river. The agency will argue it has the right to insist that it can alter Thames' abstraction licence for low flow periods, and that the water company should not have to be compensated for the loss.

But Thames Water, Britain's biggest privatised water company, will have none of this. It argues that the borehole, near Marlborough, is doing no damage to the river, and that the agency has no legal powers to restrict its water abstraction licence, which dates back to 1965.

Dr Peter Spillet, the company's environment manager, said: "This makes it quite impossible for us to justify spending millions of pounds of customers' money developing alternative sources of drinking water. The borehole supplies drinking water to 180,000 people in fast growing Swindon and smaller towns nearby. Both



Full flow: The River Kennet as seen through the village of Mildenhall, near Marlborough

Photograph: John Lawrence

sides have legal teams headed by a Queen's Counsel barrister. At the end of the inquiry the Government's inspector, water engineer Ian McPherson, will present conclusions to the Secretary of State for the Environment who must make a

final decision. Under the existing licence the water company can take up to 13.7 million litres a day from the borehole, but when the Kennet's flow slows to below 61.4 million litres a day, this maximum abstraction drops to a daily

9.9 million litres. In an average year the slow-down happens for about six weeks.

The agency wants to phase in curbs gradually. From 2005 onwards it wants Thames to take only 2 million litres a day during low flow periods. The low

flow limit of the Kennet would be shifted upwards to 104 ???million litres a day; the river flows at a slower rate than that for three months in an average year.

Dr Chris Newbold, the leading river specialist with the

Government's wildlife conservation arm English Nature, will tell the hearing that low flows are exacerbating other environmental stresses. Sediment from a sewage works and the intensively farmed fields on either side of the stream is building up on the stream bottom, smothering the Kennet's gravel beds. The growth of water crowfoot, the floating plant characteristic of English chalk streams, is being retarded as a result, and the low flows mean pollutants are reaching high concentrations.

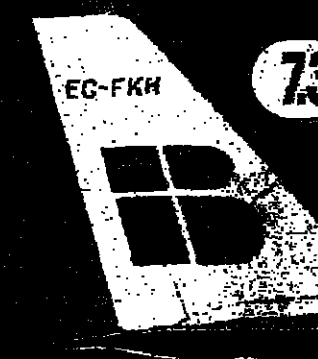
Also giving evidence in favour of shrinking Thames' licence will be the Wiltshire Wildlife Trust and retired surgeon Roger de Vere, chairman of the local anglers' association and treasurer of Action for the River Kennet.

"It's already a sick river, a shadow of its former self," said Mr de Vere, who has lived in a mill beside the River Kennet for 26 years. He added that the numbers of snipe nesting in the watermeadows, the lampreys in the river, and the dragonflies and kingfishers in the area, had all declined.

Plans to dam the tidal Thames in London to eliminate the "ugly" muddy foreshore have met a flood of opposition. Local councils, the Government's Environment Agency and other groups and individuals, are strongly against the River Thames Society's proposal for a tidal barrier at Chelsea.

A barrier, besides costing would cost millions of pounds, would maintain a fixed high-water level for several miles upstream to the locks at Teddington, where the tidal river ends. Freed from the tricky tidal currents and narrow passage at low water, pleasure craft would find this stretch of river far easier to navigate.

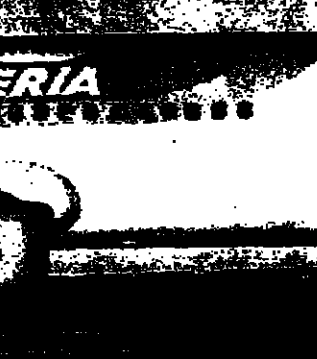
The society, a charity which campaigns for river conservation, is itself split on the scheme. And the London Rivers Association, which represents riverine councils and several other bodies including the society itself, is against it. "We think it's outrageous," said a spokeswoman. "It would damage the river's ecology and it would add to the problem of a rising water table in central London."



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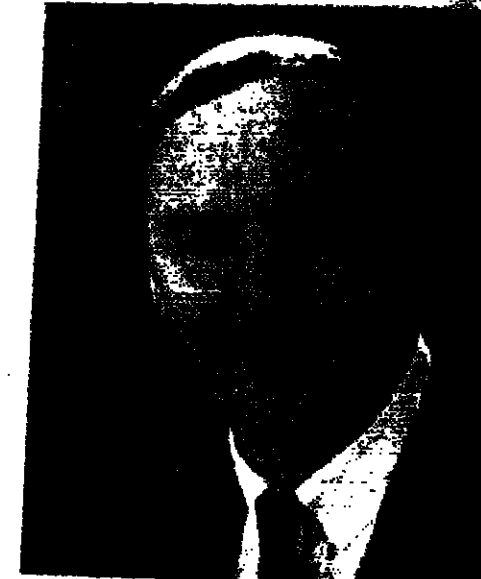
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Commissioner Kinnoch (Britain)



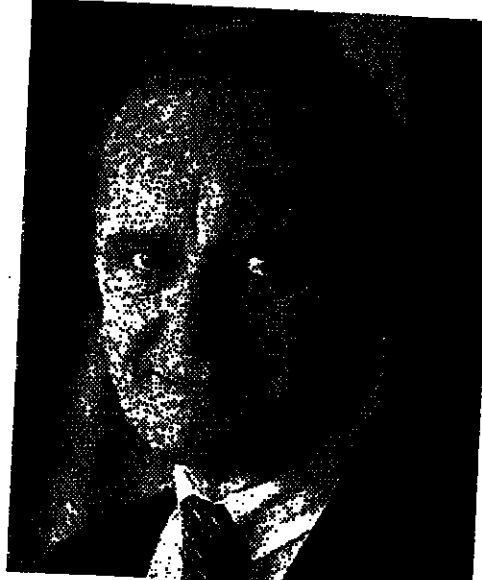
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مجلس الوزراء

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That already we have agreed to run our economy for the benefit of Europe as a whole? So decisions taken in Brussels can result in increasing your taxes and lowering your income.

And that now it is planned that we abandon to Brussels control of our foreign policy, our national security and our borders?

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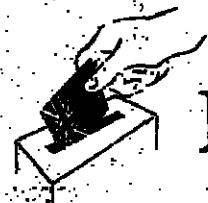
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This advertisement prepared by Banks Hoggins O'Shea on behalf of the publisher: the Referendum Party, 1st Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

news

Flash, bang wallop... snaps that go to the heart of Britain



Snap happy: A picture entitled *Trimming the Wicket* (left), and the winning shot, *Steam Rally Boy*, which are in *Heart of Britain*, a book of photographs taken by individuals throughout the country. It was launched yesterday at a reception hosted by the Harrods chairman, Mohamed Al Fayed, and attended by the Princess of Wales; profits go towards heart-disease research at London's Royal Brompton Hospital. Photographs: Mr D L Harding, Mr A L Douglas

Maths exam pass mark was 14%

JUDITH JUDD
Education Editor

Government advisers have criticised an exam board for making a maths paper so difficult that the pass mark had to be lowered to 14 per cent.

John Day, the chief executive of the Southern Examining Group, has been asked to meet officials tomorrow after an inquiry into the board's actions.

The unpublished inquiry report from the School Curriculum and Assessment Authority

investigated why candidates who scored such a low mark in one particular paper were still awarded C grades in this summer's GCSE maths.

The paper in question was one of two set for the most able candidates and the overall mark required for a C was 28 per cent – but on one paper it was only 14 per cent.

The paper was made more difficult after government examination advisers complained that the previous year's paper was much too easy.

The report into this year's exam says it was marked too harshly and candidates were given too little credit for those questions they had attempted.

Exam advisers concluded that all the correct examinations procedures had been followed but it was not good exam practice to make the exam so difficult. The report added, however, that the overall standard required for a grade C for maths was maintained because the candidate was awarded a C who did not deserve one.

Mr Day will be asked to ensure that the paper is less difficult next year and that the questions are easier for less able candidates to understand.

The report acknowledges that the mark for a C was lowered for good reasons.

It accepts that changing the mark required to achieve different grades is common practice and is necessary, if candidates are not to be penalised because an examination paper is more difficult than in previous years.

Hospital puts ban on elderly patients

LIZ HUNT
Health Editor

A hospital in west London is refusing to admit elderly emergency patients and has cancelled all non-emergency surgery because it has run out of beds, it emerged last night, as doctors warned of an impending winter crisis in the National Health Service.

Hillingdon Hospital has told family doctors in the north of the borough that it can take no more GP emergency referrals of patients over 75 because 30 acute beds – 1 in 10 of its total – are blocked by elderly people waiting to be discharged into community care. Instead, the GPs have been told to refer elderly patients to nearby Mount Vernon Hospital in Northwood.

Alfred Morris, Labour MP for Manchester Wythenshawe, called the decision to refuse people medical care on the grounds that they were too old "grossly and unbelievably callous", and

he urged Stephen Dorrell, Secretary of State for Health, to intervene immediately.

Before the NHS changes the northern part of the borough was within Mount Vernon's catchment area, but both hospitals now have contracts with Hillingdon Health Authority and compete for patients.

When Mount Vernon closed its casualty department in April the number of elderly patients referred to Hillingdon increased. Transport services to Hillingdon are better than at Mount Vernon and GPs believe that a hospital with a casualty department has better facilities than one without.

Dr Mitch Garsin, a local GP, said: "I think this is just a precursor for what we are going to see throughout the health service this winter... Many GPs feel they have a right to send their patients where they want to. The health authority has a contract with both hospitals. Mount Vernon has said that

it can cope for the time being but doctors fear a "knock-on" effect if the problem becomes long-term or if there is an influenza epidemic in the coming weeks.

Philip Brown, chief executive of the Hillingdon Hospital Trust, said yesterday: "If we take any more of these patients it will start to put a strain on our acute services. We have simply said, look, we'll provide all our normal services to our normal catchment area but for the time being we can't take these referred patients from outside our area."

He said that no elderly person who arrived at the hospital in an ambulance would be turned away but other emergency referrals would be redirected.

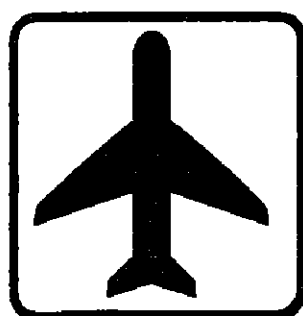
Chris Smith, Labour's spokesman on health, said that the Hillingdon crisis was another example of the two-tier NHS which is gripping Britain. "Not only will you not get emergency treatment at Hillingdon

Hospital if you are over 75 – you won't get it if you live in the wrong part of the borough, either," he said. "Cash crises like this are an inevitable consequence of the Tories' market-led cuts. Last year there were almost a third fewer NHS beds in London than there were in 1989-90."

Dr Sandy Macara, chairman of the British Medical Association, said that the problems at Hillingdon were part of a "broader and gloomy canvas across NHS and community care". He added: "It is quite unacceptable ageism that elderly patients who need care and deserve special consideration should be made to feel that they are bed-blockers. Hospitals and social service departments should not be squabbling over who is responsible for provision for vulnerable people. The budgets are simply too tight overall."

Hospital consultants last warned that hospitals were close to collapse as the demanding winter period approached.

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Information overload makes managers ill

CHARLES ARTHUR
Science Editor

The arrival of the Information Age was finally confirmed yesterday when – like the Gulf war and chronic fatigue – a new syndrome was named after it.

Information overload syndrome is the result of the rapid growth of communications such as faxes, voice-mail, electronic mail, junk mail and the Internet, according to a new international survey. Its symptoms include a feeling of inability to cope with the incoming data as it piles up, and it can result in mental stress and even physical illness which may require time off work. The survey found that it is a growing problem among managers – and almost all expect it to become worse.

Executives and their juniors say they are caught in a dilemma: everyone tells them that they should have more information so they can make better decisions, but the proliferation of sources makes it impossible to keep abreast of the data.

The report, called "Dying for Information?" and compiled by Reuter, drew on interviews with 1,300 managers in the United Kingdom and elsewhere. It found that half already complained of information overload, partly caused by "enormous" amounts of unsolicited information, and the same proportion expected the

Internet to become a prime cause of the problem in the next two years. "These days, if you're a manager trying to do down a colleague, the best way to do it isn't to deny them access to data – it's to flood them in it," David Lewis, a psychologist who runs an independent consultancy on stress, said.

The growth of information has been relentless. The *New York Times* contains as much distinct information every day as the average 17th-century person encountered in a lifetime.

Ruth Sacks, an independent consultant based in Sheffield, said about 12 months ago she was working seven days a week for clients "sending faxes, e-mail and reports, all of which had to be read and absorbed immediately, or so they said". She began feeling fatigued, with stomach pains and eye problems. "I took two days off and decided to be more structured in my dealings with these."

She now sets strict time limits for dealing with tasks, and throws away anything she does not need at once.

Paris fashion house chiefs change clothes

TAMSIN BLANCHARD
Paris

At a reception hosted by British Vogue at the British Embassy in Paris on Sunday night, the mood was buoyant. As Paris Fashion Week came to a close, the industry heard that John Galiano will head the house of Dior, after only three seasons at Givenchy, and that fellow British bad boy, Alexander McQueen – after only eight seasons in business – is to succeed him at Givenchy. Our home-grown designers now lead the established French couture houses.

There are, of course, a few gaps on the British front. Another job that had been up for grabs – designing a line of new luxury clothing for Louis Vuitton – will not go to Vivienne Westwood, as rumoured, but the American designer, Marc Jacobs. And, the most successful of all the houses, Chanel, still has Karl Lagerfeld at the helm.

Yesterday, at the show, the disco dollybirds with matted wig hair, posed from their moving travelator, a moving walkway



John Galiano: triumphant and off to lead Dior

that seemed as long as those you find at Heathrow Airport. First there were smart riding suits with crisp white shirts, black ties and jodhpurs, all reminiscent of the outfits that Coco Chanel used to wear.

Then came suits made from the sort of pastel prints that are usually reserved for make-up bags, and worn with patent leather trainers produced in bright girly colours.

The outfits whizzed past on the conveyor belt fast and furious, ranging from leather hot pants to a baby-blue, tiered and beaded dress. There was a Fifties plissé prom dress, finely-knit sweater dresses and then classic Chanel suits in sparkly bouclé wool.

The silhouette was long and lean and the presentation snappy, upbeat and funny.

0800 700 767

BA tells staff to work longer for less pay

BARRIE CLEMENT
Labour Editor

British Airways' 17,000 ground staff have been urged to take pay cuts of up to a third, a three-year wage freeze or a five-hour increase in the working week as part of the airline's most radical plans yet to maximise profits.

Apart from the pay cut, which would cost many of them £100 a week, employees have been asked to consider a reduction in their leave entitlement and the abolition of holiday pay. *The Independent* has learned.

The suggestions - which also include flexible annual hours and overtime at basic rates - are among 60 options presented to both blue-collar and admini-

trative staff in order to save £1bn by the end of the decade and boost profits, which this year reached a record £535m.

It is understood that union leaders are preparing to ballot ground staff on industrial action in protest at the cuts, but management is drawing up relatively generous severance terms for those who prefer to leave.

The company is seeking similar sacrifices on pay from some 600 cabin crew, based at regional airports, as part of the company's "Step Change" initiative to make £1bn profits in four years' time.

The regional workforce has been told that if the cuts are not achieved, BA will franchise the services to other airlines.

The "Step Change" document also warns that some

ground-based BA services could be switched to cheaper locations to take advantage of lower pay rates.

It has already set up "on-screen" functions in India to take advantage of a numerate English-speaking population, who will work for less than a tenth of the pay received by British staff.

Aircrew on long-haul flights have been asked to agree to the introduction of more foreign-based staff, presently numbering 850. Most of them will be working for lower rates than their British-based colleagues.

Pay rates for newly employed staff on long-haul flights are expected to decline by around 20 per cent. The airline intends to recruit 4,000 new crew over the next three years.

The company's engineering subsidiary, which is likely to be floated off as a separate company, is seeking 1,700 voluntary redundancies out of a workforce of around 7,000. Overall the company says it wants to cut about 5,000 jobs. BA intends to make a huge investment in replacement aircraft.

A spokesman said the proposals were about "the survival of the airline". "If we do not act now our profits will rapidly decline and all our jobs will be threatened," he said.

Management was working with staff to find the solutions. "In many areas we have started the debate by listing a number of possibilities. We are waiting for staff to respond and make their own suggestions for change."



Dancing girl: Monica Zamora in *Nutcracker Sweeties*, a David Bintley production for Birmingham Royal Ballet. The show, on a national tour, is based on Tchaikovsky's ballet but has music by Duke Ellington and costumes by Jasper Conran. It opens in Bristol tonight. *David Lister, page 19*

Mercy killing brother goes free

A man who killed his elder brother in the first known mercy killing case to have reached the Scottish courts walked free yesterday to an emotional welcome from friends and relatives.

Paul Brady, 37, was told by a judge at the High Court in Glasgow that in the "exceptional" circumstances a prison sentence was not appropriate. Brady had been charged originally with murder, but the Crown had accepted a reduced plea of culpable homicide.

Brady, from Skelmanthorpe, West Yorkshire, killed his brother James, 40, a victim of the degenerative illness Huntington's disease, on Boxing Day last year. James died at his sister's home in Glasgow. He had been spending Christmas away from a nursing home and had asked his elder brother to kill him. Brady gave him alcohol and extra medication and put a pillow over his face.

Relatives speaking on BBC television in Scotland said Huntington's disease had been a blight on their family; they had also watched the brothers' mother die from the disease, an illness that has no cure.

Gordon Jackson QC, for the prosecution, called it a "difficult and unique case" to be dealt with not on the basis of a "matter of principle" but in the interests of the justice of the individual case.

The judge, Lord McFadyen, told Brady that since the killing he had been living under the "shadow" of a murder charge, but that there had been "powerful" mitigating factors surrounding his action. "You brought your brother's life to an end at his own earnest and prolonged heartfelt request," said Lord McFadyen.

The judge said he was satisfied that Brady had acted out of compassion and that there was no need for a custodial sentence in this case.

But he added: "Whatever the motivation may have been and however mitigating the circumstances, the deliberate taking of a life of another remains a serious crime. In the exceptional circumstances of this case, the disposal must not be taken as reflecting any general view on the part of the courts, but simply the sentence I regard as appropriate in the individual circumstances of this case."

"I do not consider a custodial sentence is necessary or appropriate. Such a sentence would add to the already substantial suffering of those close to you."

DAILY POEM

Grange-over-Sands
By John Hegley

When they had fallen asleep
in the great hotel,
the snow fell.
By the morning it had laid
and after their Cornish breakfast
they came out into the quiet flakes
and made
a snow dog.
Although it had no name or bone,
it had its own snowball
and a small snow owner
who seemed to be an infinitely patient man,
and what with the Woodland Walk
and the nearby Lakes
they found themselves agreeing
that it was a very good place
to bring a dog
into being.

John Hegley, who lives in Newington Green, London, is a performance poet, singer, songwriter and broadcaster. Methuen this week publish *The Family Pack*, a sandwich of two previous collections *Can I Come Down Now Dad?* and *These Were Your Father's*, with the new *The Brother-in-law and Other Animals*.

THE OMEGA IS A
SOOTHING ANTI-DOSE
TO FRANTIC SPORTS
CARS AND FRAGILE
OFFICES

THE OMEGA FROM VAUXHALL

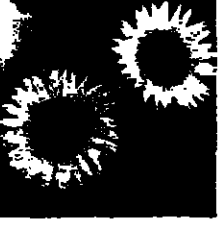
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BARCLAYS	None	£8
LLOYDS	£6	£8
NAT WEST	£5 (min)	£7
HIDLAND	£5	£7.50
TSB	£5	None

*Source: The Research Department Ltd. All financial information is checked for accuracy on a weekly basis.



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news

WHOSE BOOM?



The second part of The Independent's series on the economy looks at how inflation will remain a danger if the Government encourages companies to pay dividends to shareholders rather than invest in the future

Why failure to invest could kill recovery

DIANE COYLE
Economics Editor

With the economy shaping up to be a key electoral battleground, one of the fronts on which the Labour Party will be making a concerted push is investment – or rather, the lack of it in the UK.

Investment is the dog that has not barked in this recovery. If there is a danger that interest rates might have to rise to guard against rising inflation, it will be because Britain's industrial capacity is woefully inadequate, according to Labour.

After only a few months of faster economic growth, surveys show that companies are already troublingly close to full capacity. Total investment spending across the economy increased by a third in the 1986 to 1989 boom. But it declined sharply during the following three years, and has expanded so little in the four years since the bottom of the recession the level of spending is still a tenth below its 1989 peak.

On the face of it, businesses are not giving the future of the "Enterprise Centre for Europe" much of a vote of confidence. The picture is particularly disappointing in manufacturing, where investment spending fell sharply in real terms in the first half of this year.

There are two possible explanations for this lacklustre performance by British business. One explanation – backed by research carried out two years ago by the Bank of England and the Confederation of British Industry – is that companies have not adjusted the rate of return they demand from investment projects to take account of lower inflation.

The Bank's economists have

found that companies have been only approving projects which have a return of about 20 per cent after tax, in money terms – a very demanding rate when inflation is only between 2 to 3 per cent. Almost three-quarters of the companies surveyed in March 1994 had not adjusted their investment criteria to take account of the lower inflation rate.

This hurdle to investment should by now have come down, to the extent that business people are confident inflation will remain low and stable.

But the second obstacle has been uncertainty about the level of demand. After strong growth in 1994, the economy slowed again last year, and manufacturing topped back into a mini-recession from which, by all accounts, it is barely emerging.

On both counts, prospects for increased investment next year look bright. Most forecasters reckon Britain is poised for the strongest performance since 1988. In fact, the key areas of private sector investment have already begun to rise sharply. The economy-wide measure has been depressed by the massive cuts in public sector investment not remotely made up by the Private Finance Initiative.

Remove the very depressed construction sector and the reduced investment spending by the privatised electricity and gas industries, and the picture looks brighter still. Investment by the corporate sector grew by more than 10 per cent in the year to the April-June quarter,

Tomorrow:
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although this was inflated by a surge in imports of aircraft from the US.

So in the run up to the general election the prospects for investment look bright. But the longer-term concerns remain. The share of investment in total GDP is lower in the UK than in other industrial countries. This factor leaves the economy vulnerable to inflation whenever growth picks up from a fairly low rate.

The Labour Party has some policies to increase British investment. These centre on discouraging takeovers and short-term shareholding. The party would probably also restructure corporate tax to reduce the attraction of paying dividends to shareholders, rather than retaining profits for investment purposes.

MICHAEL HARRISON

It may be a long way from Walthamstow to the Bavarian capital of Munich and yet a common theme links a small engineering company in east London and one of Europe's most prestigious carmakers. Both are investing in Britain and both are investing for the future.

Last week, BMW of Germany announced that it will spend £3bn on its British subsidiary Rover by the end of the decade in order to increase production by a half to 750,000 cars a year.

Spring Steel Productions of Fulbourne Road, London E17, has embarked on a rather more modest expansion. It is investing £4m in new premises and



Looking to the future: Con Goss, of Spring Steel Productions – "People are falling over themselves to lend money" Photograph: Nick Strangelove

Firms gear up to get ahead of the game

Why the fortunes of BMW and a small London company are linked

equipment so that it can raise its output of springs and precision castings that go into, among other things, Rover cars. One investment programme may dwarf the other but they are equally important to the two companies.

BMW's ambitious but risky strategy is to turn Rovers into niche, upmarket cars and yet produce them in greater volumes. Spring Steel Productions wants to position itself to take maximum advantage of the new trend in manufacturing for large car and electrical goods makers and the like to do business with a handful of preferred suppliers.

If BMW's strategy does not work there will be a high price to pay not just in Longbridge and Cowley but also in Munich.

"If Rover fails then it will not only be a problem for Rover, it will be a big problem for BMW," says Walter Hasselkus, who took over as chief executive of Rover six weeks ago.

If Spring Steel Productions has misread its markets and its customers, who include the likes of Electrolux, AC Delco and Psion, then the consequences will be equally dire.

Con Goss, the company's chairman, says this is his biggest investment since he founded the business with his father, Tom,

42 years ago. The amount being invested is the equivalent of nearly half the firm's total turnover. When the expansion is complete it will create at least 50 jobs – swelling the wages bill by a fifth.

A lot has been said and written about how industry has been deterred from investing by City short-termism and the level of returns demanded by the providers of capital.

But neither of these two companies has been daunted by excessively high hurdle rates. Mr Hasselkus says: "Rover will not start to make a profit until the next century but BMW is taking a long-term view and in-

vesting for the future. If we were interested only in short-term results we could make a profit from Rover in two years but that would mean not investing in things like paint shops which last for 20 years."

Mr Goss says: "People are falling over themselves to lend money but we have a healthy balance sheet and are funding this from profits as well as loans. We are also borrowing from the directors' pension funds and directors' loans."

A lot of companies have also held back from investing heavily by the memory of two deep and severe recessions and a fear that, though the economy is

growing strongly again, the next one might be waiting around the corner.

This is not the case for BMW or Spring Steel Productions. Such is the long-term nature of the investment at Rover that it will straddle at least two full cycles of the economy, perhaps more.

Back at Walthamstow, the only thing that stopped Mr Goss embarking on the investment earlier was lack of a site. "We badly needed room for expansion and were thinking of moving out of London. Then the factory next door came on the market."

"This solved the problem for us without the upheaval of a move for the firm and its employees."

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	£10,000	102.67	113.16	137.30	217.03
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Blair puts the family at heart of moral crusade

ANTHONY BEVINS
Political Editor

Tony Blair yesterday put the family at the heart of his call for a "decent society", in which opportunity was matched by responsibility.

In a speech flagged as a vital ingredient in the development of Labour policy for government, Mr Blair told the Commonwealth Press Union in Cape Town: "It is upon the values of the extended family that the decent society will be built."

"Most children who are bad are made bad, not born bad," he said. "And we, their parents and the society we create, are what make them. It is in the family that we learn the difference between right and wrong."

Labour leadership sources said last night that Mr Blair was keen to move on from the party conferences with a positive agenda. But the Tories denounced him as "phony Tony, the TV evangelist", attempting to take the moral high-ground while, in fact, using that as cover for an extension of state power and the creation of the "nanny state".

Mr Blair said nothing angered him more than the "nanny state" accusation. "Without support for family life, and for the norms of proper conduct towards one another, we all will suffer," he said.

He was also careful to offer a pre-emptive defence against those who might be tempted to

Blair on youth: 'Most children who are bad are made bad, not born bad...'

Blair on law: 'Absence of prejudice should not mean the absence of rules, of order...'

Blair on society: 'We need a new morality that doesn't seek to recreate the past...'



our traditional support among the so-called blue-collar workers. This is utter nonsense."

Because of the breach of Tory tax pledges, Labour had made "considerable progress" in winning middle-class trust, Mr Blair said. But the party was also gaining disproportionate support from the working classes, because of its tough approach to law and order.

"It shows how little many of our opinion-formers know of the world in which most people have to live that they assume a tough stance on law and order and support for family life are calculated to appeal to the more affluent in our society..."

"While no crime can be excused, and while the costs of crime must be paid by all of us, it is the poor and disadvantaged whose quality of life has suffered most."

Mr Blair lamented the loss of "decent British values" but he did not believe that it was impossible to rediscover the best of these values.

"We need a new social morality for today that doesn't seek to recreate the past, but doesn't ignore the truth about our society just because it is convenient to do so," he said.

The right claim to have won the intellectual arguments through the 1980s. But their laissez-faire policies have destroyed the very thing they claimed they would create: individual security and fulfilment."

Leading article, page 17

accuse him of wanting to return to John Major's "back to basics" campaign.

"I have no desire," he said, "to return to the age of Victorian hypocrisy about sex, to women's place being only in the kitchen, to homophobia, or to preaching to people about their private lives as the ill-fated 'back to basics' campaign of the Conservatives attempted to do."

"But the absence of prejudice should not mean the absence of rules, of order, of stability."

"Let us construct them for today. Let the social morality be based on reason, not bigotry. But let us not delude ourselves that we can build a society fit for our children to grow up in, without making a moral judgement

about the nature of that society."

Mr Blair said Labour's programme for child-care and for more nursery education would be good for children and for parents who wanted to work.

But parents had duties, too: duties to help schools, and to know where their children were, and what they were doing, after school.

"Dealing with truancy must be a combined effort of school, police, local organisations - and parents," Mr Blair said. "I get sick and tired of seeing parents say it's all the school's fault, the teacher's fault, society's fault, when often it may be their fault but they will not face their responsibilities."

He also said: "I can see no

reason at all for young children to be out on their own late at night, and I can see many reasons why they shouldn't be - not least for their own safety. We are examining measures to tackle this. Some have called it curfew. I call it child protection."

Those two measures - on truancy and a curfew for children who had not committed a criminal offence - prompted a Conservative charge that Mr Blair wanted to use local "bureaucracy" to meddle in private lives.

While the Conservatives did not link the speech with their class-based attack on Mr Blair, the Labour leader volunteered: "Conventional wisdom has it that in the pursuit of middle-class support, we have alienated



On the ropes: Ann Widdecombe, the Prison minister, watches inmates tackle an assault course at Thorn Cross Young Offenders Institution. Photograph: Gleave

Boot camps are not a soft option, says minister

JASON BENNETTO
Crime Correspondent

Ann Widdecombe, the Prison minister, yesterday dismissed suggestions that the new American-style boot camps for young offenders was a soft option.

Her comments followed a visit to a Cheshire institution to watch an early morning parade ground drill. The Home Office was stung by reports that some of the 37 offenders on the new programme believed it to be more like a holiday camp than a punishment. Speaking at the Thorn Cross Young Offenders Institution, near Warrington, which takes young offenders aged between 18 and 21, she said: "What we were trying to do was get the best practice from the United

States, but also the best practice from Britain, from our own young offender institutions."

The five-month programmes at Thorn Cross cost nearly £14,000 for each offender - against the £8,500 individual costs at ordinary institutions. The inmates rise at 6am, clean their rooms and kit, and spend up to three hours shining their shoes, before the officers' morning inspection. The regime includes education, PE sessions, an assault course and group meetings on topics such as "anger management", during the 16-hour day.

The Government is studying the effects of the regime, and will also be looking at a similar project run on more military lines at Colchester Army Prison, in Essex, before planning a

national strategy for dealing with young criminals.

One of the Thorn Cross inmates, Andrew Honey, 19, from London, said: "You get more respect from the other inmates because we are treated as a team here... only yourself can make you change, but this regime is going to help me change. If people want it to work, it will work."

Carl Johnson, 20, from Newton Heath, Manchester, said: "It does my head in, this marching at 6am. Cleaning the room with all this brick dust, that does my head in as well. Sometimes you think it might be better in a closed prison."

Another inmate, Stefan, 18, added: "We have got a more of a chance when we come out of here than anywhere, really."

Anger boils over in fish-quota battle

KATHERINE BUTLER
Luxembourg

Britain and Spain clashed angrily over fishing rights yesterday setting the scene for a bitter confrontation with Europe on the emotive problem of "quota-hopping".

European fisheries ministers meeting in Luxembourg unanimously rejected controversial proposals for cuts of up to 40 per cent in catches to save dwindling stocks of key species like cod, haddock and sardines. But the row over Spanish trawlers using Britain's national quota erupted into the open amid accusations of theft and piracy.

Fisheries minister Tony Baldry vowed to block agreement of "any compulsory or substantial" cuts to the British fleet until the EU takes action to stop foreign - notably Spanish and Dutch - fishermen buying UK vessels to take advantage of British catch quotas.

Mr Baldry's use of the term "quota-hopping" caused immediate offence to the Spanish minister, Loyola de Palacio, who said she interpreted it to

mean "looting or piracy". Signalling Spain's complete rejection of British demands for a change in the EU treaty to make quota-hopping illegal, Ms de Palacio accused the British government of wanting a single European market only where it suited Britain.

The European Court had ruled that Spanish boat owners could buy British trawlers and operate on the basis of Britain's fishing quotas because fishing was governed by the rules of the single market. There could be no going back on this verdict she said. The same principle applied when British commercial interests invested in the Spanish sugar industry which is also

regulated by EU production quotas she said.

A defiant Mr Baldry then deepened the row by suggesting to reporters that Ms de Palacio was right to regard the term "quota-hopping" as pejorative.

"I used the word quota-hopping. I can't be responsible if that is interpreted as another word in Spanish or if it is interpreted as sensitive. However if the Spanish think that quota-hopping involves an element of taking from others that which does not belong to them then I suspect that records with the feelings of many in the UK fishing fleet."

Mr Baldry insisted that Britain would sign up to no new capacity cuts until talks to review the Maastricht treaty address the quota-hopping problem which he said was "quite crazy". Fishing was an exception from the normal rules of the single market because of the system of national quotas he said.

Negotiations on reducing fish catches are scheduled to conclude in December, but the extent of opposition makes it unlikely that agreement will be reached within that time scale.



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Austria's far right claims Goldsmith as ally

ADRIAN BRIDGE
Central Europe Correspondent

Flushed with its success in Sunday's elections to the European parliament, Austria's far right Freedom Party yesterday said that it had formed links with members of Sir James Goldsmith's anti-European movement, and right-wing Conservatives.

Jörg Haider, the Freedom Party's leader, said that his party was seeking to join forces with all those who shared its aim to revise the Maastricht treaty on closer integration and to oppose the speedy introduction of a single European currency.

Mr Haider refused to name names, but others in the party indicated that likely allies could include Sir James Goldsmith's "Europe of the Nations" group, members of the Italian Northern League led by Umberto Bossi, and even Euro-sceptic British Conservative MEPs, currently part of the centre-right European People's Party bloc. Sir James's group is perilously close to the minimum 18 MEPs required to form a group in the European parliament.

"We have developed some pretty good contacts with the Goldsmith and Bossi groupings and some British

Socialists still in the driving seat

The European Parliament elections in Austria on Sunday saw the Freedom Party (FPÖ) of Jörg Haider win 27.6 per cent of the vote, enough to become the second largest party in the parliament.

Conservatives," said Wolfgang Jung, a Freedom Party MEP. "What we would like would be to have informal arrangements with them, a form of technical co-operation."

A spokesman for the Conservative MEPs described as "absolute rubbish" the suggestion that any of them would want to work with Mr Haider. "No approaches have been made to British Conservatives in Strasbourg, nor would they accept any such approaches," he said. "There has clearly been a misunderstanding."

The Freedom Party's five MEPs (to be increased to six as a result of Sunday's vote) stand outside all Strasbourg's established political groupings and are lumped together with an assortment of unaffiliated independents, including the Reverend Ian Paisley and members of the French National Front, headed by Jean-Marie Le Pen.

As a man who has publicly praised Hitler's employment policies and the "decency" of members of the Waffen SS, Mr Haider is generally considered to be beyond the political pale. Three years ago the formerly liberal Freedom Party was expelled from the Liberal International and it has since been shunned by all the mainstream parties in both Austria and Strasbourg.

With his blatantly xenophobic and populist policies, Mr Haider has often been likened to Mr Le Pen, whose party was alone in Europe in welcoming the Freedom Party's success in the Austrian vote.

After years out in the cold, however, Mr Haider is now making a concerted effort to gain political acceptability: a tactic illustrated by his selection of a Jewish journalist and author, Peter Sichrovsky, as his party's number two candidate in the European poll.

"All the people who want to push the Freedom Party into a far-right corner have to recognise it as a conservative party like any other in Europe," said Mr Sichrovsky, a man who once described Mr Haider as "scum" but who then converted to his cause. "I can tell you that several conservative parties [in Strasbourg] were just waiting for this result to start discussions."

The Freedom Party's 27.6 per cent in Sunday's vote brought it to within less than two percentage points of Austria's two leading parties, the Social Democrats and conservative People's Party, which scored 29.1 per cent and 29.6 per cent respectively. Leaders of the two main parties sought to dismiss it as a protest vote triggered by anger over a cost-cutting budget passed earlier this year, and disillusionment with the European Union almost two years after joining it.

In addition to revising the Maastricht treaty and slowing moves towards economic and monetary union, Mr Haider's priorities in Europe include negotiating a reduction in Austria's net contribution, a revision of the Common Agricultural Policy and the creation of what he terms "a Europe of the fatherlands".



Salute: Jörg Haider hails supporters after his Freedom Party poll victory at the weekend. Photograph: Reuters

Costs may force Trib to leave France

MARY DEJEVSKY
Paris

The *International Herald Tribune*, which has been based in Paris since it was founded in 1887, is considering the possibility of leaving France on cost grounds, it emerged yesterday. The chief executive, Richard McClean, confirmed that a study had begun and that all options would be considered "with a totally open mind".

It was a question of ensuring the "long-term viability" of the paper. "It would be very sad to move from Paris," he said, but "France is a very expensive place to operate." He denied the future of the paper, which is jointly owned by the *New York Times* and *Washington Post*, was at risk, stressing that circulation had risen by 1.5 to 2 per cent over the past year and that revenue from advertising was higher

completely. Michael Getler, who took over as editor of the *Herald Tribune* this summer, told *Agence-France Presse* that one or more departments could be moved, while leaving some staff in place. Administration and editing, for instance, could be transferred, while the small number of reporters remained in France.

Some staff believe moving operations to the US, or to London, would diminish the paper's international "feel" at a time when the US media generally seem to be looking increasingly inward.

Mr McClean said yesterday, however, that any decision to move the base of operations would have no implications for the paper's editorial outlook, which would remain thoroughly international.

Even the suggestion that an institution as widely known and



Under threat: The Trib may leave its birthplace

than ever. The paper would open another one, and possibly two, printing sites in Asia in the coming year.

But printing in France was more expensive than at any of the other 11 sites around the world. The paper also has to comply with France's inflexible labour laws.

There is speculation also that changes to the paper over the past two years, which include an increase in the number of news pages, may not have brought the envisaged increase in circulation. Despite an expanded distribution network, especially in Asia, the potential for increasing sales elsewhere appears limited. In Europe there is keen competition from the *Financial Times* and *Wall Street Journal*, and higher sales inside the US would risk taking circulation from the *New York Times* and *Washington Post*.

No decision is expected before the New Year, and any move is unlikely to entail shutting down operations in Paris

respected as the *Herald Tribune* might consider leaving Paris, or greatly scale down its operations, would have great symbolic significance in France.

It might even bring home to the French authorities – as the number of companies starting to relocate, including to Britain, appears not to have done – that the exceptionally high charges levied on employers in France are among the reasons why the unemployment rate – at 12.6 per cent – is one of the highest in the industrial world.

France will be without many of its newspapers, radio and television news programmes today and tomorrow as journalists strike in protest against government plans to phase out a 30-per-cent tax advantage that they have enjoyed for more than 60 years.

The strike is timed to coincide with the presentation to parliament of the budget bill, which contains measures to simplify the tax system as part of a five-year fiscal reform.

Don't hide reality of war, says Tusa

War's "ghastly reality" must not be hidden from British television viewers, the broadcaster John Tusa said last night at the second Rory Peck Award for freelance cameramen.

"Bloodstains on the ground or a small crater are wholly inadequate substitutes for the actuality of multiple killings. It is an evasion to say that they are and a misuse of the bravery of camera-crews and journalists, whether freelance or not, to say that they are."

"We must avoid a pornography of violence, where networks start to compete with one another in the amount of gore that they show," said Mr Tusa, a former head of the BBC World Service.


"But where some viewers complain about violence on the news, when it is an essential part of the knowledge needed to assess what is happening,

I believe the only answer to complainants is to say: 'I'm sorry, we will not censor the ghastly reality, for that is the only way that you, the voters, the citizens, can be properly informed about the world around us.'"

"Is there not a mismatch between our comparative tolerance about violence as an essential component of TV entertainment and our restraint and constraints in presenting the violence of the world around us?"

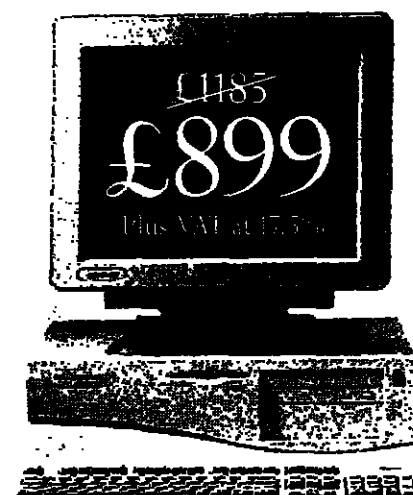

Mr Tusa said television needed a regular programme in which a journalist who had followed a crisis or war should be allowed to present an in-depth documentary.

The Rory Peck Award was won by Jane Kolan, a 34-year-old Canadian, for her account of the last big battle of the Bosnian war.

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Costa del Sol's image is tarnished by lead

ELIZABETH NASH
Madrid

Spain's Costa del Sol, that glamorous haven for criminals on the run, has shown its darker side, with four underworld shoot-outs in just over a month. Following the assassination last weekend of a French couple by hooded gunmen, the Costa del Sol is being dubbed the Costa del Plomo (Lead), and glitzy Marbella, the Miami of Europe.

Madrid authorities sprang into action to combat what they believe is a network of international crime and violence linked to money-laundering, drug-trafficking and clan warfare, reminiscent of the era of Al Capone.

The Interior Minister, Jaime Mayor Oreja, last week set up a string of anti-mafia police action squads along the coast from Estepona to Almería, centred on a 20-strong elite unit based in Marbella.

Police have long suspected that international criminal

organisations have been quietly decamping from traditional haunts in Marbella and Málaga, alongside Middle Eastern and Russian multi-millionaires whose flamboyant extravagant fortunes have cascaded into the town.

"We want to control the arrival of these criminal gangs in the Costa del Sol, watch their operations and detain them. We have launched a preventive and surgical campaign. But we cannot create a police state," Jorge Cabzas, the regional governor of the provincial capital, Málaga, said this week.

Police complain that the contest is as unequal as that between David and Goliath. They say they are hopelessly outnumbered by 200 criminal gangs with bottomless purses, yachts and powerful vehicles, while their investigations are stymied by something as mundane as the lack of a translator.

"What's the use of tapping suspects' telephones when we can't understand what the fuck

they are saying?" railed an exasperated policeman last week. He was referring to two Bulgarians arrested in connection with the death last month of Francisco Javier Bocanegra, a well-known Marbella lawyer.

He was found in his luxury Marbella home with his hands and feet tied and his face beaten to a pulp.

The two suspects, linked to a male-prostitution ring, drove away in the victim's car and were seized last Tuesday about to board a plane leaving Spain.

On 5 October, a French couple, Jacques René Grangeon and Catherine Castagna, were riddled with 27 machine-gun shots and left lying in their bloodsoaked front room.

The couple had rented a £5,000-a-month mansion on Marbella's "Golden Mile" near a palace belonging to King Fahd of Saudi Arabia.

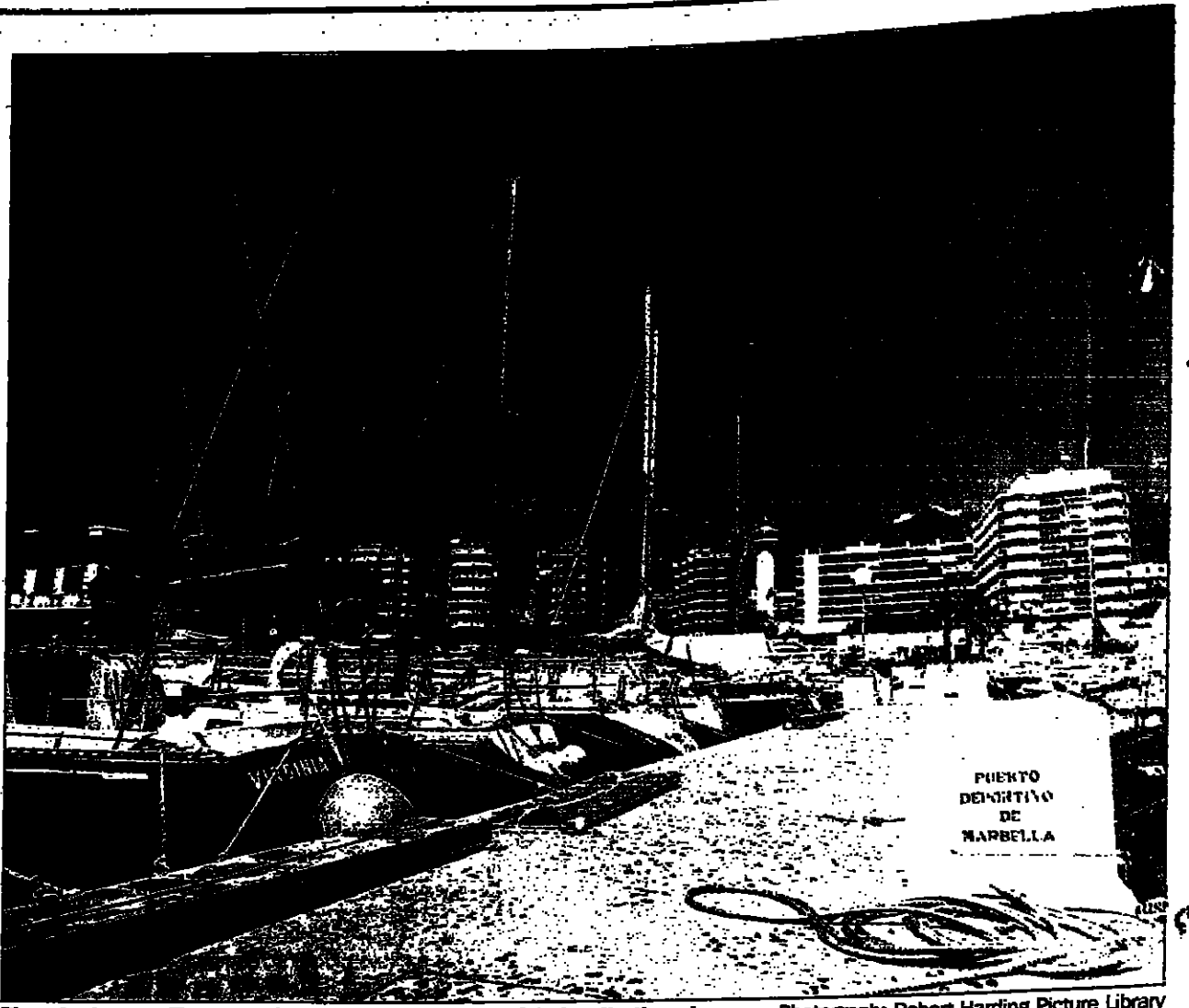
Police suspected Grangeon of cocaine and hashish trafficking on a gigantic scale. The massacre, a blizzard of bullets in the middle of the night, was the

work of French hit-men, police reckoned.

A Marbella policeman, Juan Alameda, was shot three days earlier. His suspected killer is a Dutchman known to police as a striptease performer and who is wanted for robbery in The Netherlands.

Marbella, none the less, claims to be one of the safest spots on the coast. The right-wing mayor, Jesus Gil, who has more than doubled police strength during five years in office, has cleared the streets of drug-pushers, pick-pockets and bag-snatchers. He plays down the recent carnage as "isolated incidents that could happen anywhere".

Fearful that bullets might scare off the torrent of money gushing into his town, Mr Gil insists Marbella is a haven of peace and sunshine. But events suggest that the eradication of petty street crime has not prevented high-flying criminal violence from flourishing behind closed security gates and barbed-wire fences.



Place in the sun: The mayor insists Marbella is peaceful, despite the crime

Photograph: Robert Harding Picture Library

No music, but a licence to howl at the moon all night long

On the morning of her pre-nuptial party, Gabriele received presents from people she did not know, and a letter from her next-door neighbours: "We wish you happiness," they wrote, "but we must warn you. If there is any noise after 10 o'clock, we shall call the police." Signed: "The people from Number 34."

So here we were on her *Pollerabend*, a night of merriment when the bride and groom are toasted by their friends amid the sound of shattering china, broken symbolically to ward off evil spirits. The custom is as ancient and German as the tradition of denouncing disorderly neighbours to the authorities.

Not wishing to get on the wrong side of the law, Gabriele had gone out of her way to seek licence for her one night of anti-social behaviour. Notices had gone up on the doors of every house in the street, advising residents that there would be a certain amount of noise emanating from Number 36 this Saturday night, on account of her forthcoming wedding.

It is so ordained that the whole of

Beyond 9pm, baths are no longer run, washing machines are turned off and dogs are muzzled

Germany must fall eerily silent by 9pm. Beyond that time, baths are no longer run, toilets go unflushed, washing machines are switched off and dogs muzzled. Even the wildlife in the forests around Bonn seems to respect the Germans' craving for *Ruhe*, a word whose literal transla-

tion - "quiet" - fails to convey the original's hidden menace and urgency.

Notifying neighbours several weeks in advance allows you to breach the peace for an extra hour, but a minute after 10 o'clock you are treading a legal minefield. Legend has it there are forms that can be filled out in triplicate at the local police station, which, when correctly stamped and annotated, entitle the bearer to an extension into the early hours. The procedure is designed to keep successful applications to a minimum. Gabriele, with nothing but a PhD by way of an education, was unable to grasp the intricacies, and so her request was refused.

The guests started arriving at eight o'clock, tossing old plates on the pile as they joined the mêlée in the back garden. Each crash was greeted with wild cheers, but the rub-

BONN DAYS

ble was immediately swept onto the heap. Even at party time, order must reign. The guests tucked into the *Wurst* sizzling on the grill and helped themselves to the soup bubbling over in a huge cauldron.

As we glanced nervously at the ghostly blue light flickering behind the curtains at Number 34, the conversation inevitably turned to the rigours of German life. Everybody had a hair-raising story to tell about their neighbours. There are so many bylaws regulating our daily existence, that virtually all of us had at one time perpetrated heinous crimes which had somehow found their way to our bulging police files.

Some of our transgressions had been minor ones, such as allowing

our pets to leave dirty paw prints in the entrance hall of our apartment blocks. Those with children belong to the failing to meet the community's norms on two counts. Kids are notoriously filthy and noisy, and they do insist on playing in the streets between 1 and 3pm - hours set aside for *Ruhe*.

I have never been quite sure what Germans do behind their shutters when the lights go out at 9pm, but I suspect many of them are writing petitions about the people next door. Cultivating neighbours offers no immunity against a malevolent pen. A friend who saved a blazing house next door by calling the fire brigade thought he was safe. Imagine his surprise, when a few months later the landlord knocked on the door. Our hero had been reported

for not sweeping leaves off his garage roof. The source of information? - his grateful neighbour. None of us had ever dared to hold a real party, and were intrigued to

There are so many laws regulating our existence that we were all guilty of heinous crimes

discover whether Gabriele would get away with it. A Scottish folk band, consisting entirely of Rhinelanders, struck up just after 9pm. The beer flowed and the decibels rose, and still there was no sign of the people from Number 34.

They never came, but shortly

after 10pm the police arrived. They understood the circumstances were special, but a complaint had been made and rules were rules: the music had to stop, though the party could continue. It was a classic German compromise. The band packed up, the lights at Number 34 dimmed. Luckily, we had a couple of constitutional lawyers in our midst, who had spotted a loophole in the ruling. "No music," the police had said, but they did not say "no singing".

Which is exactly what we did, howling heartily like dogs at the full moon. Fortified by the beer, we were invincible, and experienced a catharsis that only those who have lived under communism can appreciate; a sense of liberation stemming from the intoxicating knowledge that we had finally beaten the system.

Imre Karacs

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Republicans demand inquiry into cash flowing into President's war chest

Dole plays ethics card as election bills soar

RUPERT CORNWELL
Washington

Far behind in the presidential race, the Republicans are turning their fire on to President Bill Clinton's ethical record – and in particular massive donations to his Democratic Party from a wealthy Indonesian couple – which are fast turning into a metaphor for the bloated, runaway spending of the campaign of 1996.

US elections never come cheap. But even setting aside the \$425,000 (£270,000) from Arief Wiradinata and his wife, this year's elections are set to be the most expensive ever, with presidential and congressional races costing anything up to \$2bn.

Clinton has thrown himself into fundraising by offering \$10,000 a plate birthday dinners and visits to the White House

The reasons for the extravagance are several. This year features an especially large number of hotly contested Senate races, in which a single candidate must sometimes spend \$10m or more. On the House side, the Republicans are perforce pulling out every stop to retain the majority they won in 1994 for the first time in four decades – an offensive which in turn is being countered by an unprecedented \$35m of advertising by the AFL-CIO labour organisation on behalf of Democrats, concentrated on districts housing vulnerable, conservative Republican newcomers.

All the while, unlimited amounts of "soft" money – in theory, contributions to party organisations as op-

posed to the candidates themselves – are pouring in, making a mockery of post-Watergate federal regulations designed to limit individual and corporate donations, and introduce a system of partial public financing.

Nor have matters been helped by a Supreme Court ruling in July that allows the parties, under the Constitution's protection of free speech, to set up "independent committees" to raise more money. The sole proviso, impossible to enforce, is that activities financed by these committees should not be "co-ordinated" with the presidential campaign.

As a result, spending will break all records. The presidential race alone will devour at least \$600m, barely a third of that provided from public funds, while the 34 Senate and 435 Congressional races will see spending overall of at least \$1bn. But whatever the perils of an electoral process subverted by money, nobody is greatly inclined to do anything about a system that invariably works to an incumbent's advantage.

Despite much sermonizing about the need to "clean up the politics," President Clinton has thrown himself into the fundraising business as shamelessly as any of his predecessors, offering \$10,000-a-plate birthday dinners and perks like overnight stays at the White House for particularly generous contributors to the Democratic cause.

Even so, he could have done without the Wiradinata controversy. The couple are associates of James Riasy, billionaire head of the Indonesian banking and property conglomerate, the Lippo group, and who got to know Mr Clinton when he lived in Little Rock, Arkansas, in the 1980s. Since he took office, the President has had three of what a White House spokesman this week called "drop-by" social meetings with Mr Riasy in the Oval Office, one within the last month.

That in itself is not illegal, nor are



Show goes on: President Clinton arriving at a rally in Albuquerque, New Mexico, on Monday. Tomorrow, he will take part in a debate with the Republican candidate Bob Dole

political contributions from foreigners as long as they have the right of permanent residence in the US. But for the Republicans, adrift by 15 points or more in the presidential race and under increasing threat of losing Congress as well, the admission has been providential.

Within hours, close associates of Republican candidate Bob Dole

were demanding a Congressional probe, complete with yet another independent counsel to investigate the matter, which Mr Dole himself may well raise in tomorrow's final presidential debate in San Diego. Speaker Newt Gingrich claimed Mr Clinton's Indonesian connection "makes Watergate look tiny".

Publicly, the Clinton campaign dis-

misses the charges as a sign of Republican desperation and part of what Vice-President Al Gore on Sunday termed a "relentless, well-financed cottage industry", aimed at discrediting and ousting the President. Cottage industry or otherwise, however, it offers Mr Dole his best – and possibly his last – chance of victory on 5 November.

Gun law that heralds voters' shoot-out

★ TEXAS TALES

Elaine Davenport reports on the mixed messages to those carrying a weapon

San Saba, Texas — "If you are licensed to carry concealed, it doesn't bother us, so come on in," says the sign on the front door of Poor Boys Restaurant, welcoming anyone tottering a concealed weapon in this small town, 100 miles north-west of Austin. The sign is for customers who might eat somewhere else if they had to stash a pistol before they entered. It is in stark contrast to signs seen all over the state denying access to anyone who is "carrying", as it is called.

These mixed messages signal confusion over the state's concealed handgun law, which has been in effect since 1 January 1996, and which is keeping the emotional shoot-out between gun control and gun rights advocates in front of voters as the 5 November election nears.

Any resident who has completed a 10-15 hour safety course, passed a background check and paid \$140 can get a licence. As of 5 September, the state had issued 91,999 permits, or about 721 for every 100,000 Texas adults. Thirty other states also have concealed handgun laws.

Far from being the wild and woolly place that myth and movies paint, Texas is, in fact, wimpy when it comes to guns. Yes, I know this is heresy, and it is true that Texas has had a long and good relationship with guns. Some even would argue that guns have made Texas what it is today. Superior weaponry was the key to wresting independence from Mexico, and in pioneer days, guns meant food on the table and the firepower to overcome Indians.

But it is easy to forget that for over a century it was illegal to carry a pistol on your person in Texas. And the present gun laws, including the new concealed handgun law, are infamous for being complicated and confusing. By contrast, in Arizona, residents openly can carry a pistol on their hip.

The new law gives employers and businesses the right to decide whether or not to allow concealed guns on their private property; thus the contrasting signs on front doors. In fact, there are so many exceptions to where licence holders can carry a gun – schools, courtrooms, race-

tracks, airports, hospitals, churches, amusement parks, polling places, government courts and meetings, and a bar or other business deriving over half its revenue from alcohol sales – that even its proponents now say the law is flawed.

"It's a step in the right direction, but needs cleaning up," says Suzanne Gracia Hupp, a Republican running for the state legislature from this district and one of the state's best-known gun-rights advocates. "It's a shopping list for a crazy man."

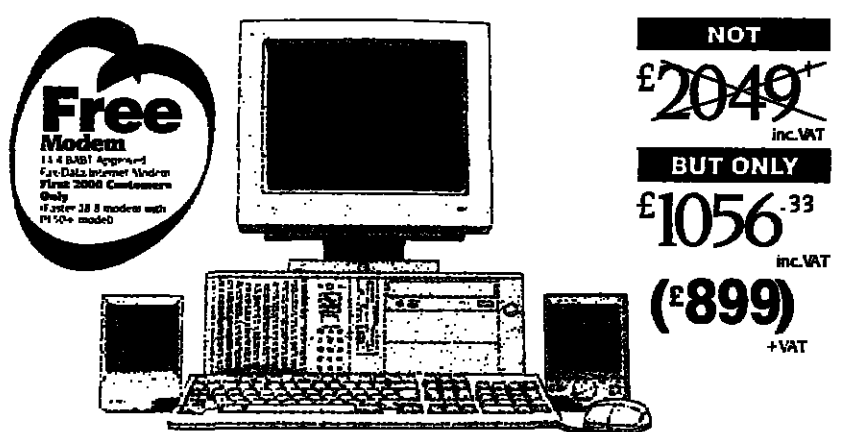
Ms Hupp knows about crazy men. In 1991, she watched as George Hennard killed 23 people, including her parents, at a cafeteria in Killeen and then killed himself. She said if she had been carrying a gun, she might have stopped the massacre, the worst in American history. She campaigned to get the Texas law passed, and has travelled nationwide to press the same case.

She is also the current manifestation of the frontier lawman myth – that one good person, acting alone, embodying the all-American concepts of courage, independence and freedom, can act against overwhelming odds and cause good to triumph over evil.

Her Democratic opponent is in favour of gun control. But he would really like to dodge the issue altogether. He is concentrating on pocketbook issues to appeal to conservative Texans who have abandoned the Democratic Party in droves in recent years. He knows that gun control is as emotional as abortion rights, and even though polls may show that most agree with him, talking about those hot issues will not get him elected.

Opponents of the new "carry" law said passage would lead to increased violence. In June, two fatal shootings and 13 incidents have involved licence holders, but it is too early to draw conclusions. Gun rights advocates are looking to the state legislature, which meets again in January 1997, to deal with the confusion over signs and to trim the list of off-limits places. Gun control advocates want more extensive training.

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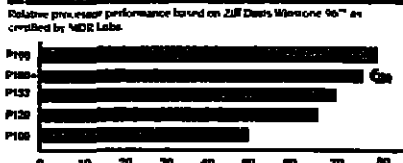
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news

Turks threaten to block Nato's eastern push

CHRISTOPHER BELLAMY
Antalya

Turkey could veto Nato expansion if its long-standing ambition to join the Western European Union, the alliance's European arm, is denied, according to speakers at a conference last weekend.

Turkey sees membership of the WEU as a stepping stone to membership of the EU, and is irritated at the haste with which Nato is preparing to admit favoured East European countries while ignoring its sensitivities.

Although Ankara has expressed its concern through diplomatic channels, last weekend marked a significant heightening of public anger at what is seen as Turkey's unjust exclusion from the European top table.

The Antalya conference on security and co-operation – an annual international meeting organised by the Atlantic Council of Turkey – was addressing the expansion of European security institutions in the light of imminent Nato expansion.

Turkey's Deputy Prime Minister, Tansu Ciller, cabled the conference saying: "Enlargement processes of Nato, the EU and WEU should evolve in a parallel manner ... it is not realistic or justifiable that Turkey, an ally of the West for 44 years, is denied the European perspective while at the same time we are expected to enter into additional alliance commitments when Nato's enlargement is concluded."

"Our allies should understand that lack of responsiveness in this connection can lead to a backlash in Turkish public opinion and the parliament,



Tansu Ciller: Backlash

which may prove difficult to contain." The decision to admit new members must be ratified by the parliaments of all 16 current Nato members. The last sentence of the Ciller telegram suggests the Turks might refuse.

The first new states, possibly Poland, Hungary and the Czech Republic, may be invited to join in Spring next year and could be admitted to Nato on its 50th anniversary in April 1999.

Bayan Mustafa Kalemli, the President of the Grand National Assembly of Turkey said: "Are we going to be a prim and proper little boy waiting in the queue while the spoilt brats of Europe get what they don't really deserve?"

To applause, he continued: "We need Europe but Europe also needs us and we are not accustomed to being told things like that. We are a proud nation. Please do not try Turkey's patience. That will be detrimental to all."

What angers the Turks particularly is the prospect that the new entrants to Nato may gain EU membership in 2002, thus possibly leaping into the EU ahead of Turkey which has

been a loyal ally of the West for so long.

Speakers at the conference stressed that full WEU membership was confined to EU member states and that the Nato military guarantee to Turkey was not affected. However, Mr Kalemli said: "So long as Turkey is not a full member of WEU, the Turkish parliament will not allow it to participate in WEU manoeuvres."

The WEU is developing a role in peace-keeping and disaster relief but is incapable of guaranteeing security in the event of war, which only Nato can do. "As the secular country that Atatürk founded we are in Europe. We cannot accept double standards any more," Mr Kalemli said.



Cheer leader: Turkey's Prime Minister Necmettin Erbakan and his son (left) salute their Welfare Party conference in Ankara on Sunday Photograph: ...

significant shorts

Dissident's mother to speak at trial

The mother of Wang Dan, the detained Chinese dissident who has been charged with plotting to overthrow the government, yesterday said she would be part of his defence team at his forthcoming trial.

Taking a robust stance against the shortcomings of the Chinese judicial system, 61-year-old Wang Lingyun said she would defend her son against an ancillary charge of collaborating with overseas subversive forces. Mr Wang, 26, will also be defended by a lawyer. There seems little chance of Mr Wang being found not guilty. "I'm not optimistic," Mrs Wang said. "But I must say it for the record. This will become history."

Teresa Poole - Peking

Spies told to get on the trail of better value

Britain's intelligence services, under pressure to prove their worth in the cost-conscious post-Cold War era, should hire outside consultants and spy more on economic targets, intelligence observers said yesterday.

But Britain could not retain its high diplomatic profile if it stopped spying operations and relied instead on commercially gathered and publicly available information.

"Real comparative advantage remains with those nations whose knowledge base outstrips that of the competition," Professor Peter Hennessy told the Royal Institute of International Affairs, on the day the Act allowing MI5 to fight organised crime took effect.

Peter Hennessy, page 19

Dismissal for abuse magistrate

The Belgian Supreme Court dismissed the acclaimed chief investigator of a murderous child porn ring, disregarding widespread pleas to keep the magistrate on the case. The ruling was certain to raise a storm of protest after the justice system had been criticised for mishandling several key cases before investigating judge Jean-Marc Connerotte restored some credibility.

Mr Connerotte became a national hero in August after saving two children from the secret dungeon of a convicted child rapist, an inquiry that led to the bodies of four young kidnapped girls and a network of child porn.

AP - Brussels

Lebed backs Yeltsin guard

Alexander Lebed, Russia's national security adviser, declared his support for Boris Yeltsin's former chief bodyguard, Alexander Kozhakov, who is running for his old seat in parliament.

It appears Mr Lebed, who is trying to consolidate his power base in readiness for the next presidential race, sees Mr Kozhakov as a source of funds. He may also value the latter's collection of allegedly compromising material about top Kremlin figures and potential rivals.

Phil Reeves - Moscow

Cut delays EU travel projects

European Union finance ministers rejected a bid to secure £900m in extra funding for a series of trans-European road, rail and airport projects.

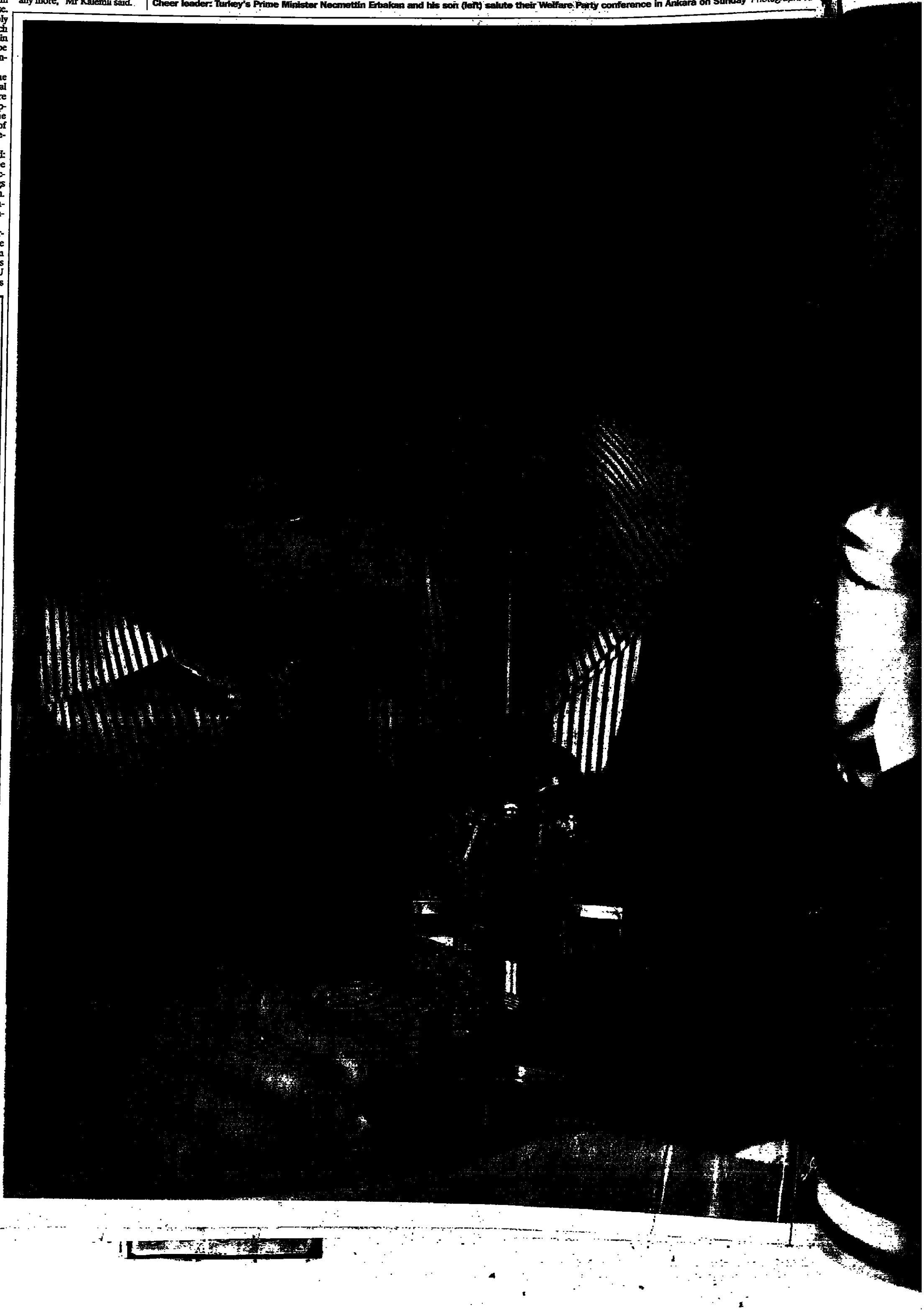
EU officials said the decision might delay work on "trans-European networks" but that all would be completed. They include high-speed railways, among them a link between London and Amsterdam.

AP - Luxembourg

Cosmic conman down to earth

A Taiwanese cult leader who claimed divine powers has admitted he does not have them. Sung Chi-li, who had maintained he was the reincarnation of a "cosmic body", conned up to £75m in cash and gifts out of followers. He confessed after being arrested and failing to demonstrate supernatural powers.

"Please don't believe in me any more," a tearful Sung told followers after more than nine hours of interrogation. Police said he had confessed to taking land, cars, and cash from thousands of believers who worshipped him like a god. The Sung Chi-li Transmogrification Society's main shrine was demolished on the grounds that it was built illegally. Reuters - Taipei



Army of god runs into the Afghan sands



TIM MCGURK

The Taliban religious militia, the conquerors of Kabul, are facing the same miseries that confronted the Soviet army in its doomed war in Afghanistan.

Even with an armada of helicopter gunships and MiG fighter planes, the Soviet army failed to prise the rebels of Ahmed Shah Massoud out of the Panjshir valley, a long, deep vein running through the Hindu Kush range.

Now Mr Massoud's forces are back again in the Panjshir, fighting the Taliban who two weeks ago chased them out of Kabul.

It could not be much worse for the Taliban. Apart from a few helicopters and aged fighter aircraft (down by ex-Communist pilots who do it for money, not from Islamic zeal), the Taliban cannot fall back on aerial support.

Their warriors are expected to climb mountains wearing plastic sandals and wrapped in blankets against the icy winds. As southerners, the Taliban are as unfamiliar with the craggy de-

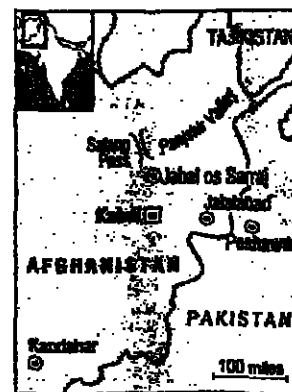
files of the Hindu Kush as were the fair-haired Soviet conscripts from Ukraine.

Using the same hit-and-run tactics perfected against the Soviet army, Mr Massoud and his men have dealt the Taliban their worst reverses since the militia began their victorious sweep across most of Afghanistan almost two years ago.

Stealing down out of the mountains, Mr Massoud's men have succeeded in encircling Jalal al-Siraj and Charikar, two key towns on the Salang highway, which connects Kabul to Central Asia. The Taliban "information minister" in Kabul, Amed Khan Mutraqi, conceded yesterday that the militiamen had made a "tactical withdrawal" from these two besieged towns.

At the same time, Mr Massoud's men have struck even closer to Kabul. For several nights running, forces loyal to Mr Massoud and the ousted President, Burhanuddin Rabbani, have attacked Baghram airbase, only 30 miles from the capital.

The Taliban fighters are de-



thief Massoud had never been pushed off that mountain by the Russians but we did it," he bragged. "Of course, our commander threatened that he'd kill us if we tried to run away," he grinned.

Most worrying for the Taliban is the new alliance between their growing band of ethnic enemies. The Taliban draw their fighters from the Pathan tribes of the south. The alliance unites Tajiks, under Mr Massoud, the Uzbeks of General Abdul Rashid Dostum and Hazara Shias from central Afghanistan.

Gen Dostum, an old foe of Mr Massoud, has yet to hurl his air force and tanks into the fray but he may do so.

Gen Dostum is a former Communist who switched sides when it suited him. But he is probably being persuaded by Iran and the Central Asian republics to swallow his rancour against Mr Massoud. The Taliban yesterday warned Iran not to interfere in its war against the ousted regime.

Even though Mr Massoud's Tajik forces are skirmishing with the Taliban only six miles from the northern gates of Kabul, he may not gamble on a direct attack immediately.

Most likely, say observers, he will first capture Sarabi, to the east, blocking Kabul's supply line to Pakistan. Then he might try to overrun Baghram, so that his forces and Gen Dostum's can use it as a launching pad to besiege Kabul.

The Taliban scored numerous victories by outmanoeuvring their enemy, using fast vehicles armed with rocket-launchers.

This worked well as long as they were attacking but now they are stuck defending Kabul, the Taliban may have no choice but to sit and wait for Mr Massoud's approach.

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Kurdish 'victors' go into retreat

The KDP has had a nasty surprise, and the war continues, writes Patrick Cockburn

It was a 155mm artillery piece with a 24ft barrel which troops from the Patriotic Union of Kurdistan had abandoned when it burst a tyre in their headlong flight in early September.

They were in such a hurry they left it when it got a flat," said Mohammed Salah, a villager in Timar in northern Sulaymaniyah province who had seen them go. "They had two big guns of the same size and two Katyushas (rockets) in the same convoy." Further up the track which serves as a village street for Timar, a huddle of earth-roofed houses, the PUK had discarded some 155mm shells which lay in the grass.

For two weeks nobody had come to pick up the gun or the ammunition. Their fate explains much about the sudden reversals of fortunes in the Kurdish civil war. Even at the height of its victory the Kurdistan Democratic Party, suddenly evicted from Sulaymaniyah province at the weekend, had hesitated to send men to seize a valuable piece of artillery in the mountains which it claimed to have conquered.

Larger armies than the rag-tag militias fielded by the KDP of Massoud Barzani and the PUK of Jalal al-Talabani have been swallowed up in the Kurdish mountains. Saddam Hussein only contained them in the three years before the Gulf war with poison gas and an extermination campaign in which 182,000 Kurds disappeared. It is not surprising Mr Barzani's control is more tenuous.

By yesterday he had lost most of Sulaymaniyah province, which he captured only last month after calling in Iraqi tanks to help him take Arbil, the Kurdish capital. UN officials confirmed Mr Talabani's men had recaptured Khoi Sanjaq, the tumble-down town at the foot of the mountains which was the PUK leader's birth-place and which is 90 minutes' drive from Arbil.

Mr Talabani, in an interview with the Arabic daily *al-Hayat*, said: "We have no plans at present to retake Arbil because it is surrounded by Iraqi tanks, but we'll leave that to the people of Arbil." The KDP insists Iranian forces are actively involved. It said it repulsed one assault in which "the attackers lost dozens of men and members of the Iranian Revolutionary Guards were identified among the dead".

All this is a nasty surprise for the KDP which believed it had conclusively won the civil war that has gone on since 1994. Mr

Barzani said he thought Mr Talabani and the PUK were finished unless they got support from Iran - and this may well have happened. Whatever happens in the present fighting the civil war will go on. The KDP may be forced once again to look to Baghdad for military aid. The 3.5 million Kurds of northern Iraq will be more dependent than ever on neighbouring powers.

Villagers in the mountains in northern Sulaymaniyah province will not be surprised at the reversal of fortunes. Abdullah Hussein, a shepherd in the Shiwak valley, said: "The PUK still have a lot of men. Do you think they will do nothing?"

The problem for the KDP was spelled out by Jamal Mo-



Counting the cost: Massoud Barzani turned to Saddam

ammed, the PUK military commander for northern Sulaymaniyah, in his headquarters in a village on the Iraqi side of the Iranian border. He said his men had just beaten off an attack by KDP "using heavy machine guns and Katyushas". Did he expect another attack? "Not for now," he said. "The KDP does not have enough troops and has to move them to wherever there is trouble. They are over-extended."

Jamal Mohammed said he intended to attack when his men had regrouped and this has now happened. The KDP did not have enough men to hold on to their territorial gains. They may also have been intimidated by Iran's long-range artillery. The KDP leaders, buoyed up by their sudden victory last month, may not have realised the support in Sulaymaniyah city for the PUK. They may have underestimated the anger and fear felt by ordinary Kurds because of the KDP's brief alliance with Saddam.

How will Blair deliver his decent society?

The Labour leader Tony Blair made a significant speech yesterday, one that map-makers of late 20th-century Britain ought to mark. It is not just a paragraph in the tale of Labour's bid to return to power; it is also a further turn in his personal evolution. It is remarkable that he goes on revising even the nostrums of new Labour, yesterday making "new" Labour sound a lot like the "old" conservatism. In planting Labour's flag on some strange shores this was a brilliant example of taking the fire to the enemy's camp. Its timing and nuances make of Mr Blair an adept student of Labour's last great – and greatly flawed – master tactician, Harold Wilson.

The speech was directed squarely at its target. Before he made it we could read the contents on the front page of the *Daily Mail*. The words in that editorial space are like a DHL delivery straight to the heart of conservative England – the kind of people who probably do not care much that the Labour leader was educated at Fettes but do, like Pavlov's dogs, start salivating when the bell is rung for decency, family values, streets safe for children to play in, duty and responsibility. Boy, did Mr Blair ring those bells yesterday. But did he also have to apostrophise Sir David English, former editor of the arch-Tory *Mail*, as "extremely distin-

guished"? Such obeisance before a newspaper which has since 1924 made the extermination of the Labour Party one of its *raison d'être* is an act of historical chutzpah, to say the least. It is also dishonest. The kind of society envisioned by Tony Blair – a "decent" society – would not have house room for the values espoused daily by the *Mail*, its proprietor or its stablemates.

That payment of Danegeld aside, the speech represented Tony Blair's personal resolution of a new problem for modern political leaders. The problem is how to address the "moral" agenda – the realm of ought and should – without appearing to be a hypocrite. Since Gladstone denounced the Turk in the era of high liberalism British voters have entertained a healthy scepticism for politicians claiming God, Right or (in Mrs Thatcher's case) the Spirit of History was on their side. Tony Blair has tried to avoid the holier-than-thou problem by steering clear of sex. What people do in their bedrooms has nothing to do with morality as he wants to define it. His concern is the rules of right conduct outside the home, in society. This sounds like commendable, Millite liberalism. Politicians should talk about the public space. The trouble is, his own distinction breaks down over the relationship of parents and children. Is it a public matter, and



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what right does he have to announce the secret of good parenting? He runs the risk of hypocrisy, and not just if Evan, Nicky and Kathryn start behaving badly (which in Mr Blair's terms would be no one but their parents' fault).

In essence this speech was about new Labour's bid to have capitalism and all its works without its "cultural contradictions". Like most other efforts of the sort, which nowadays come thick and fast from the right as much as the centre left, it strives to produce rules for social life when economic life appears less rule-bounded

than ever. The question is whether governments can impose these rules.

But what if the rules have to be re-invented? Does government really know how to make us behave like better civic people? As a blueprint for legislation, this kind of speechifying is, as the Americans say, flaky. Mr Blair would like parents to spend more time with their children. Quite right. Does that mean he is in favour of maximum 48-hour weeks, or new laws to force employers to recognise the domestic circumstances of their staff? "Employers need to think..." he says. But do they need to be coerced?

And which parent is going to do the good domestic work? Mr Blair cites the sociologist-cum-moralist Chelly Halsey; he should read him more closely and see that Professor Halsey sees the salvation of the family in either some reduction in the role of women at work, or reduced family income as one or both parents spend more time at home.

As for Mr Blair's repeated mention of a new "civic society", his back-room boys and girls need to do more homework. For many, the civic society is the voluntary group concerned about preserving the half-timbering in the old village. Presumably Labour's focus groups had difficulties with the older formulation "civil society". Either way, it is unclear whether what he means is a society in which there is more or less government and politics. No mention, for example, of local councils, where Labour is so strong at the moment.

But it is easy to carp at politicians when they venture into the grander reaches of social morality and civic propriety. For all the lack of solutions, Tony Blair seems – not for the first time – to be striving to articulate common concerns, deeply felt at all levels of society. His theme is a social populism based on the politics of St Matthew's gospel. But good conduct we can leave to philosophers and priests. What we expect from polit-

icians is some thoughts about how to create the conditions for their brand of goodness. John Major has marked out his own ground, equating lower taxation and the morality of self-help. Tony Blair may lament the lack of decency in that programme. He has yet to tell us, however, how he would use the power of premiership to encourage the kind of decency that he, in all sincerity, represents.

The bosses who just can't manage

Managers are overworked. Managers are overpaid. Managers are over the hill. Managers are miserable because of all the people they have to downsize. And now, we learn, managers are overloaded with information. From all the stories and surveys we read, it looks like it's a terrible time to be a manager. They are inundated from all directions with spreadsheets and graphs and memos and newsletters – aren't we all?

Well, knowledge is a wonderful thing. But the only thing that matters is having the time and good sense to know what to do with it. Like, manage yourself.

LETTERS TO THE EDITOR

'Handbag vote' can swing Trust motions

Sir: I was extremely interested to read the letter from Lesley Webb (7 October) on the motion coming to the AGM of the National Trust requesting more details on how many mandated and unmandated votes are cast in order to arrive at decisions.

In 1990 I was the proposer of a successful resolution to ban the hunting of deer with hounds on National Trust property. However, it appeared that the margin of success was relatively small – by approximately 4,500 votes. But shortly after the AGM *The Sunday Times* published an article indicating that of the total 130,000 votes cast, the then chairman Dame Jennifer Jenkins had used approximately 50,000 discretionary proxy votes in an attempt to defeat the motion.

Senior officials of the Trust confirmed that without the chairman's "handbag vote", members had voted in a ratio of 5-1 for the anti-deer-hunting resolution. The article also indicated that the chairman had refused to discuss the number of votes involved even with the 49 members of the Trust's council. Lord Oliver said in his report into the constitution of the Trust that a member's knowledge of how votes have been cast "cannot serve any useful statistical purpose that I can envisage". But those of us who succeeded in this resolution found the statistics both revealing and useful, as I am sure, did those who lost a similar resolution to ban fox-hunting when they learned that, without the chairman's "handbag vote", members had voted 4-1 in favour of their motion.

It was the Earl of Arundel, when he became chairman of the Trust in 1965, who described it as a self-perpetuating oligarchy. Yet Lord Oliver stated that an examination of election results "over the past few years does not reveal any reluctance to introduce new blood".

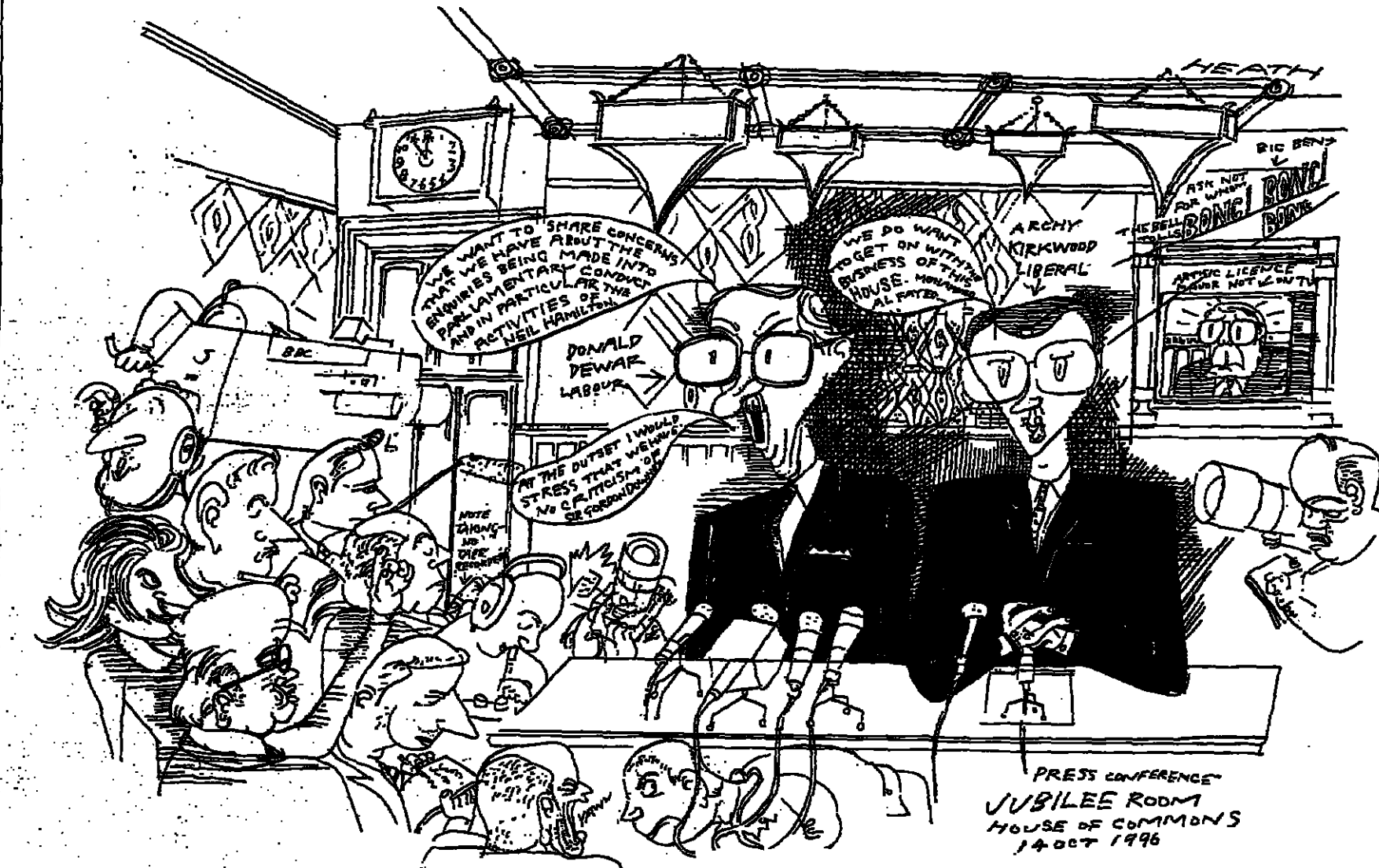
I feel Lord Oliver must have been looking at different statistics from those I examined, which indicate that from the years 1990-1995 inclusively, 41 out of 43 retiring council members seeking re-election were re-appointed. DOREEN CRONIN
West Quantoxhead, Somerset

Let nationalised industry borrow

Sir: Your report (14 October) that privatisation of air traffic control has been put back on the agenda by the Government "as part of the Treasury's attempts to raise finance to pay for tax cuts".

At least that is clear enough – previously the reason given has been the difficulty in finding the money to pay for necessary investment. Nevertheless it is time to challenge the restrictive application of Treasury rules whereby borrowing on the open market by the nationalised industries is disallowed.

Other countries do not necessarily take the same narrow view. New Zealand taxpayers, and the users of air traffic services in that region, have benefited considerably from the fact that their government is not similarly inhibited about the concept of market borrowing by publicly owned corporations. Perhaps this country should



Michael Heath's Britain: Talking of sleaze

consider the same refreshing approach. The privatisation of a key national asset is not the only available alternative when a government is reluctant to provide essential finance. PETER WILKINS
Brighton

Disabled still lack equality

Sir: In a useful point about not patronising disabled people, Virginia Ironside ("Dilemmas", 10 October) paints a picture of near-equality of access and opportunity and of resolved difficulties for disabled people. This could not be further from the truth.

Scope's own survey *Disabled in Britain: A World Apart* (1994) shows that disabled people would like to enjoy things that the rest of the population do, if only the proper provision was available.

Disabled people do not have freedom of access. Contrary to her view, ramps are not available on request and, it may surprise your readers, neither are wheelchairs. Public toilet facilities are still very difficult to find, while obtaining funding for private adapted facilities, an everyday need, is often a long and difficult process.

Our survey shows that more than two-thirds of disabled 16 to 24-year-olds have been called names and a majority felt excluded from work and social activities. Clearly most of Ms Ironside's opening paragraph is dangerously misleading. RICHARD BREWSTER
Chief Executive, Scope (formerly The Spastics Society), London W1

Customs work well with NCIS

Sir: The Head of Customs and Excise National Investigation Service (NIS) and I were concerned to read Ian Burrell's article ("Leak reveals contempt for British 'FBI'", 11 October).

Customs officers have not "threatened to mutiny when asked to work alongside the unit" (NCIS). In fact over 40 of our staff are assigned permanently to NCIS offices, where they share and develop intelligence with colleagues drawn from the police service and from other agencies.

Customs is committed to a multi-agency approach in dealing with serious crime and will continue to support the NCIS in meeting the responsibilities which ministers have assigned to it. R H BROWN
Deputy Chief Investigation Officer HM Customs and Excise NIS London EC3

Sir: Your headline is misleading and relates to a pilot survey of the extent of organised crime undertaken by the National Criminal Intelligence Service (NCIS) last year.

Durham University was involved in the survey, which was agreed with the Association of Chief Police Officers (ACPO) and HM Customs and Excise. The report by the university contained several anecdotal quotes from some police and customs officers who were not willing contributors to the survey.

They questioned its usefulness and relevance, not the performance of NCIS. This is why your report is so misleading.

The facts about NCIS are that 44 customs officers work for us alongside police and civilian staff. Posts we advertise attract large numbers of applicants. We receive outstanding support from the police service in general and the Regional Crime Squads in particular. Our work last year was responsible for the arrest of 1,378 criminals of major significance, seizures of drugs worth £294m and the recovery of property worth £18m. Our paedophile intelligence has contributed to the arrest of more than 100 people.

Anyone who holds that record in contempt is plainly out of touch. A H PACEY
Director General, NCIS London SE11

Choir is booked

Sir: Lord Horder (letter, 14 October) says that he has learned "indirectly" that Choral Evensong will not precede the unveiling in Westminster Abbey of a memorial to Sir John Betjeman.

One direct phone call would have proved him wrong. At a planning meeting held a month ago with Sir John's daughter, all the details of Choral Evensong with the full choir, followed by the unveiling ceremony, were agreed. Very Rev MICHAEL MAYNE
Dean of Westminster Abbey

Latin is dead, long live English

Sir: Latin does not have the "practical use in the modern world" suggested by Trevor Cox (letters, 10 October) as a new language for the European Union. The EU realises that the world includes more than the north-west corner of Europe and that to do business with the 1 billion-plus people in India and the countless Chinese we need a modern, fluid and widely spoken language.

That language is English, the most widely spoken second language in the world. The British are famously bad at learning foreign languages but they do not care any more. The Internet is predominantly in English. Satellite TV is dominated by Rupert Murdoch, with most content in English. Dutch children learn to speak English as toddlers while watching sub-titled American cartoons.

The movement towards English is inevitable. Whether it is a good thing only time will tell but one thing is certain: Latin is dead and should only be considered for personal entertainment. TERRY ROBINSON
London SE11

Sir: Trevor Cox (Letters, 10 May) suggests that Latin may serve as a common language for Europe and Dr Peter Jones claims it helps children with grammar and romance languages. Esperanto is much more useful.

Because of the logic and simplicity of its structure, Esperanto is easier to learn than most natural languages – in particular Latin, which is rather difficult – and it helps children with grammar and also to learn other languages. This is not speculation: it has been tested by experiment. DE MIGUEL NAVARRO.
London W6

French canal hard to beat

Sir: Christian Wolmar (report, 11 October) says of the proposed waterway linking the North Sea with the Irish Sea that "it might seem like the most ambitious scheme since Moses tried to part the Red Sea".

What about the Canal du Midi, engineered by Pierre-Paul Riquet between 1666 and 1681, linking the Atlantic with the Mediterranean? It is still in use, albeit only by very small craft because it is so narrow. ELIZABETH MONKHOUSE
London NW11

Selective choice

Sir: Having read the article about the ANC and the vote on abortion in the South African parliament ("ANC to whip in abortion changes", 11 October) a question comes to mind: if the ANC is all in favour of choice on abortion, why can it not allow a free vote for its MPs? GORDON BUCHAN
Chairman, Aberdeen Branch, Society for the Protection of Unborn Children Aberdeen

Why aid agencies fear business

Sir: It's no good David Bryer of Oxfam (Letters, 12 October) attacking William Shawcross's piece ("Never mind Oxfam, DHL can deliver", 10 October) as if Shawcross were proposing that companies take over all aid.

Shawcross simply pointed out that business is already taking a growing proportion of aid resources in disasters, as it has long done in development aid.

Aid's key question is where business ends and non-profit institutions, from government to charities, begin. This must be based on efficiency, added value and comparative advantage, to ensure the best use of aid.

Bryer's pained protest indicates the massive crisis of confidence within agencies, as governments slash billions from global welfare budgets and "privatise" what remains. When companies take over the routine logistics, management and communications of disasters, the agencies must be ready to do well what they do best: ethically based decisions on protection and provision, advocacy and human rights.

At the London launch of this year's *World Disasters Report*, a soldier turned businessman making money out of (relieving) misery at the sharp end of Bosnia told hostile aid agencies: "If we do poor work, by all means mistrust us; but if we do good work, that's the time to fear us."

Aid agencies have found fear, but protesting about the end of aid rather than planning their smaller, sharper role does a disservice to the public which supports them, the staff who may soon face the sack and, of greatest importance, the hungry, sick and dispossessed in the South. NICK CATER
WorldAid '96 Langport, Somerset

Sir: From 20 years' close involvement with aid charities I have long believed that a double caricature prevails between the private sector and the charity world. The former are apt to ascribe lefty, unrealistic attitudes to the latter. In return for the tendency in the charity sector to take much of the business world at its word when it asserts that it is and should be bereft of altruism. Both, of course, operate by wonderfully mixed motives.

Having said that, Mr Shawcross does not sufficiently distinguish between delivery of physical aid, especially in emergencies (where most of the leading charities in fact use the private sector), and "in country" development. Helping poor people to stand on their own feet long-term requires an acceptance of that help. Such acceptance will not be given to "business" organisations where "business" is perceived by these in need to be part of their problem. Unfortunately, that is the reality in many parts of the world. ANDREW PHILLIPS
London EC1

Pause for vitality

Sir: Would not a more balanced picture have been given ("Can HRT stop the clock at menopause?", 7 October) if your sample one pro-HRT interviewee had been balanced by a similarly bouncing-with-vitality woman, who has got through it all without resort to HRT? I feel certain there are some out there somewhere. SARAH NEWBERRY
Abbots Roding, Essex

essay

Austria has been accused of failing to confront its Nazi past, but can this really explain why Jörg Haider's Freedom Party did so well in Sunday's elections? Tony Barber surveys the fortunes of Europe's far-right parties

When a far-right political party in central Europe wins 27.6 per cent of the vote in a free and fair nationwide election, it should be clear that the time for complacency has gone, and gone for good. The result achieved by Jörg Haider's Freedom Party in Austria's elections last Sunday for the European Parliament was not so far below the 33.2 per cent scored in November 1932 by Adolf Hitler's Nazis, and that result rapidly led to Hitler's appointment as Chancellor of Germany.

Austria is obviously not facing a threat of the totalitarian kind that was looming in the Weimar Republic in late 1932, but Europeans of all democratic political persuasions would do well not to dismiss Mr Haider's performance as irrelevant. For strident nationalism and right-wing extremism have been making inroads, admittedly much smaller than in Austria, in a number of European Union countries in recent years.

In France, Jean-Marie Le Pen of the National Front took 15 per cent of the popular vote in the first round of last year's presidential election. His party still does not have a seat in the National Assembly, but his candidates have performed strongly enough in recent by-elections to force his democratic opponents of right and left to form a common electoral front to deny him victory.

There have been similar encouraging signs for anti-establishment, anti-immigrant, nationalist parties such as Gianfranco Fini's National Alliance in Italy and the Vlaams Blok in Belgium. Some British Conservatives, while not considering themselves to be in any sense on the extreme right, nevertheless believe the best chance of winning the next election lies in playing the nationalist, anti-European and anti-immigrant cards.

Mr Haider spotted the vote-winning potential of these issues long ago. His opposition to Austria's entry into the EU in January 1995 has blended neatly with his anti-immigrant rhetoric to produce a demagogic message so powerful that it is believed the Freedom Party took 50 per cent of the blue-collar Austrian vote last Sunday.

It should quickly be said that, in terms of political ideas and style, Hitler and Mr Haider are leagues apart. For his part, the Freedom Party leader rejects all comparisons with Hitler as malicious nonsense, although he cannot deny that he had to resign as chief minister of the province of Carinthia in 1991 after he

year unchallenged grip on power in the Austrian capital, where his party took 28 per cent of the vote in regional elections.

It is sometimes said that the far right would not have achieved such success over the past 10 years if Austria had made a better job in the post-war years of confronting its Nazi past. Certainly, for most of the post-1945 era, Austrians found it all too convenient to cling to the Allied powers' wartime statement that Austria had become the "first victim" of Nazi aggression when Hitler incorporated it into the Third Reich in 1938.

Unlike Germans, who underwent a tremendous soul-searching about the Nazi period from the late Fifties onwards, Austrians for the most part shied away from painful national self-analysis until quite

Austria's war record is so fully out in the open these days that even Mr Haider takes care to distinguish his politics from those of the Nazis. "There is not a single parliamentary deputy of the Freedom Party who would identify with the barbarities of the Nazi period... We clearly distance ourselves from every system which, like that of the National Socialists, disregards human rights," he said in a parliamentary debate last January.

The Austrian far right's strength probably has less to do with history than with present-day conditions; in particular, the dramatic changes forced on Austria by the end of the Cold War and the country's admission to the EU. During the Cold War, international neutrality and internal political calm were essential conditions for Austria to rebuild itself as a prosperous, placid democracy.

But the eastern European revolutions of 1989 and the Soviet Union's collapse in 1991 dispensed with the need for consensus politics in Austria and opened the door for the country to apply for EU membership. These factors quickly injected new and sharp controversies into Austrian politics.

The Social Democrat-People's Party coalition government fell apart last year over budget cuts needed to help Austria qualify for European monetary union in 1999. At the same time, resentment of industrial, financial and agricultural competition in the European single market began to intensify, as did fear of unemployment among traditionally socialist working-class voters.

While the two main parties squabbled and public discontent simmered, Mr Haider was happy to sit back and watch his share of the national vote go up. In last December's general elections, it touched 22 per cent.

Another vital factor in his appeal was his clear-cut anti-immigrant message. Austria lies on the western edge of the former Communist world but, with the exception of extreme crises such as the 1956 Hungarian uprising and the 1968 Soviet invasion of Czechoslovakia, rarely experienced large waves of immigration from the east in Communist times.

That helped to preserve Austrians' self-image as a Western nation, a cut above the peoples to the east. All that has changed since 1989, however, with travellers and illegal immigrants from eastern Europe a far more common sight in Austria than in the past.

To drive the point home to Austrians, it will not be long before their eastern neighbours join the EU. To Haider voters, it must seem that the world is turning upside down, that Austria is about to drown in a sea of cheap labour, unrestricted travel and criminal activity from the poorer, "less civilised" parts of Europe.

Mr Haider's success stems from weaving together the economic fears and nationalist prejudices of lower-middle class and industrial working-class Austrians, and then blaming the EU for everything. He rails against the Maastricht treaty in a way that Teresa Gorman, the anti-European Tory MP for Billericay, would find easy to understand.

It is tempting to interpret the rise of Mr Haider's Freedom Party as evidence that Maastricht, the single European currency and the drive for greater European integration are going to provoke a right-wing nationalist backlash across much of Europe. Practically every EU government is cutting spending and social benefits and raising taxes in order to meet the Maastricht criteria for monetary union, and this at a time when 18 million people are unemployed in the 15 member-states.

It would seem at first sight that only right-wing forces are likely to benefit from the growing strains in European societies caused by this attempt at rapid integration. Communism is finished as a credible ideology; immigration is perceived as a major social problem in many EU countries, and mainstream political parties of left and right have been discredited by a stream of corruption

scandals and their apparent ineffectiveness in government.

Yet when painting a broad brush picture of Europe, it is vital to seek national distinctions in mind. In Germany, for example, the centre-right government's austerity measures have certainly led to protests, but these have come from the opposition Social Democrats and the trade unions rather than from the barely noticeable far right.

Moreover, when the Social Democrats tried to win three Land elections last March on a platform of delaying monetary union, they suffered convincing defeats. In the country that lies at the heart of the European project, there is little sign that either the far right or the mainstream opposition will pick up public support by proclaiming extremist, anti-European slogans.

recent years has come from former Communist voters, who represent a declining electoral constituency.

There are several prominent anti-single currency campaigners in the Gaullist camp, notably Philippe Séguin, the speaker of the National Assembly. So far, however, Mr Séguin and his allies have little to show for their efforts to connect public opposition to the government's austerity policies with their own anti-European agendas.

In Italy, the most radical political force on the scene at the moment is the Northern League, whose green-shirted activists may appear in some ways to share common ideological ground with the people who work for Mr Haider. Yet the Northern League is neither anti-European nor anti-Maastricht as such; it is anti-southern Italy.

Do they remember?

In France, it seems unlikely that Mr Le Pen will turn out to be the main beneficiary of anti-European social protest. The two-round French voting system has recently shown its effectiveness as a means of keeping Mr Le Pen at bay, by enabling Gaullists, moderate rightists, centrists, socialists and Communists to form a "republican front" in the second round and defeat his candidates.

Last year's presidential election indicated that Mr Le Pen's anti-immigrant message attracted considerable support in some parts of France, notably Alsace and several big cities in the south such as Toulouse.

Yet the National Front has never shown the kind of nationwide strength that the Austrian Freedom Party is demonstrating, and much of the party's new support in

What the Northern League's leader, Umberto Bossi, says he wants is the secession of prosperous northern Italy and the inclusion of this region in the "hard core" of Europe, the area in which France, Germany and the Benelux countries are planning to adopt the euro in 1999. Mr Bossi regards southern Italy as a drag on the north's ambitions; but whatever his recklessness in calling for Italy's break-up, he can hardly be accused of trying to whip up anti-European hysteria.

In Denmark and Sweden, opposition to closer EU integration has certainly been stoked by a strong sense of nationhood and by suspicions that the EU does too little to foster employment. Yet there is no real connection here with far-right political activity. Indeed, when Sweden held its own European Parliament elections last year, the substantial anti-EU vote was picked up not by parties of the right but by the Greens and by the Left Party, which is made up of former Communists.

The case for a resurgent far right across Europe is therefore far from proven. There are certainly some features on the European landscape, such as high unemployment, social dislocation and an uncertain international political and security climate, that recall the Europe of the Twenties and early Thirties in which Fascism and Nazism were born.

Yet history never repeats itself exactly. Today's far right is not a replica of the far right of that period. It operates within a context of general European prosperity and intellectual acceptance of the virtues of freedom and tolerance that limit its popular appeal.

Moreover, by the very fact that it has already happened, history serves, or should serve, as a kind of alarm system. This was demonstrated by the negative reaction of most informed Europeans to Sunday's election results in Austria. We shall have to see whether the results have scared Austrians enough to produce a backlash against Mr Haider when they next go to the polls.

For the moment, however, we should recognise that the emergence of the Austrian far right reflects conditions that are largely specific to Austria. We outsiders are free to pass comment on Mr Haider, but it is up to the Austrians themselves to do something about him.



Haider celebrates his election returns

praised the Nazi employment policies of the Thirties.

Mr Haider enjoys the distinction of being Europe's most prominent and successful far-right politician, one whose party stands a real chance of gaining a share of national power after Austria's next general elections scheduled for 1999. Ten years after he took over the Freedom Party and wrenched it from the liberal centre to the extreme right, the party is running neck and neck with Austria's two main political parties, the Social Democrats of Chancellor Franz Vranitzky and the conservative People's Party.

Mr Haider has even upset the apple cart in Vienna, one of the world's great socialist strongholds of this century. Last week-end he shattered the Social Democrats' 51-

recently. It is easy to jump to the conclusion that this explains why post-war Germany has never produced a far-right movement of any significance, while Austrians found no difficulty in electing as their president one Kurt Waldheim, a former German army intelligence officer who covered up his war record in the Balkans.

Yet the rise of the Austrian far right under Mr Haider is not simply a matter of history being swept into the national unconscious after 1945 and now bursting out in a putrid flood. Mr Vranitzky, the Chancellor since 1986, did his fellow-countrymen a great service when he visited Israel in 1992 and acknowledged that Austrians had been active participants in Nazi horrors committed against the Jews.

It would seem at first sight that only right-wing forces are likely to benefit from the growing strains in European societies caused by this attempt at rapid integration. Communism is finished as a credible ideology; immigration is perceived as a major social problem in many EU countries, and mainstream political parties of left and right have been discredited by a stream of corruption



Hitler's triumphant entrance into Linz, in 1939

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Here yesterday, gone today ... thankfully



Myles Kingston

Where are they now? Yes, it's time once again to gaze curiously at the names which once littered the headlines and are now lining people's drawers: the here-yesterday-and-gone-today brigade, the people who give fame a bad name, the ex-celebs who now live in the David Mellor old folk's home of bygones and cuttings...

Well, I expect you get the point. So here we go again with another round-up of people you had quite forgotten about until we asked the question: where are they now?

Jeffrey Archer Jeffrey Archer has just had a wonderful idea for a book. This has never happened to him before, and he is not quite sure what to do about it, so he is lying down in a darkened room until the feeling goes away.

Robert Runcie and Humphrey Carpenter The runaway ex-archbishop and his faithful confidant, the winsome forthright Humphrey Carpenter, are still believed to be holed up somewhere in their literary love nest waiting for the future to die down after Runcie's revelations that he may have helped to father Humphrey Carpenter's notorious book, *Lambeth Layabout*. On his last appearance in public, when he had just popped down to the local church for some wine and wafers, Runcie snapped at reporters: "Please leave us alone! We just want to be happy, living the life of subject and reporter. I quote, he misquotes, and we're very happy like that!"

Nervt Gingrich There was a time when the man called Nervt Gingrich was said to be the most important politician in the United States, and his every

word was quoted as if it meant something. It gradually dawned on everyone, at least in Britain, that nobody had the faintest idea who he was, owing to the British inability to understand the American system. (Call a man "The Majority Speaker of the House of Representatives" or some such, and we all nod sagely but are too polite to ask what it means.)

As a consequence, we all withdrew our attention from Nervt Gingrich. He may still be there for all we know - indeed, he may still be the most important politician in the US, especially as nobody else seems to be - but he has become invisible to us. **Jesse Jackson** The same as Nervt Gingrich, but black. **Salman Rushdie** Salman Rushdie has been told that he may not go out in public except in disguise, so he has hit on a brilliant compromise - he has adopted a new profession which involves him always being in disguise! He is now an entertainer and conjuror called Marvo the Magnificent, who specialises in parties for 8- to 12-year-olds. Apparently he is very

good at the party entertainment trade, except when there are tricks involving loud bangs, when he tends to get under the table, or when older children argue back with him, when he tends to get quite stropic and aggressive. He has not been on a bouncy castle again since the embarrassing time when both his moustache and beard fell off.

The editor of The Sun, Stuart Higgins Since *The Sun* soiled itself a week ago by printing a totally false report of Princess Diana as its lead story, the disgraced *Sun* editor has gone into hiding on Rupert Murdoch's orders, and the paper has been edited in his absence by a Stuart Higgins lookalike. "Everyone has been taken in," says an unnamed source. "The resemblance is uncanny. This Stuart Higgins lookalike comes in every morning, orders us to print a load of old cobbles and half truths in the paper, then goes home. It's unnerving. It's brilliant. It's taken everyone in. It could just as easily be the real man."

Damien Hirst Damien Hirst, last year's famous young British artist, is

under close medical supervision in quarantine, under suspicion of having caught BSE from one of his own works.

O J Simpson O J Simpson, the man who didn't kill his wife, is still claiming that he didn't kill his wife, but nobody is interested any more.

P J O'Rourke P J O'Rourke, the famous American right-wing satirist, has not been spotted on *Loose Ends* or *Start the Week* publicising a new book for at least two months, and the authorities are beginning to worry that something has happened to him, and are asking the public to keep an eye open for him. On the other hand, it could just be a satirical statement. Or maybe he hasn't written a new book. Or maybe he has just got out of fashion (see Gary Keillor, Bill Bryson, etc). Either way, the police are warning people to be careful if they do spot him, as a dangerous tongue as well cut you down to

Coming soon in *Who They Now?* - Lady Diana, Madonna, Ted etc etc.

01483 553 553

Major wages classless warfare on Blair

So class warfare is back. But this time it's a Conservative Prime Minister rather than international socialists who is waging it. It's honest John, the grammar school boy with six O-levels, against fashionable Tony Blair, an Oxford graduate and qualified barrister, hoping to be the first privately educated prime minister for 32 years. The battle of the boroughs: Brixton versus Islington.

It isn't, of course, the first time that John Major has played the class card. In 1990, his clever adviser Andrew Tyrie dreamt up the theme — originally coined in a speech of Margaret Thatcher's — of a "classless society" for Major to use in his campaign for the Tory leadership. It was devised largely to undermine the appeal of his rivals, Michael Heseltine and Douglas Hurd, both also public school and Oxbridge graduates. With Hurd, in particular, it was brilliantly successful, forcing him on to the defensive about his Eton education. Much later Hurd remarked, a little acidly, that he thought he had been running for leader of the Conservative Party, not of "some demented Marxist outfit".

Whether the voters will be as impressed as the Tory MPs were six years ago is another matter. Blair's people say there is no sign that his Fettes public school education even figures in the chatter of focus groups. If true, it may just be that electors don't care, any more than they did when they gave a landslide victory to the public school-educated Clement Attlee. But it may also be that they may have spotted the contradictions in Major's pitch.

Let's bend over backwards to be fair. Unusually for a PM, Major has little taste for the swankiest bits of the job. He hasn't put on pompous airs and graces, and yes, he genuinely enjoys occasional fry-ups. He's a man for peas, not pesto. The young fogies of the Tory right have shown a strong and distasteful streak of snobbery in some of their attacks on him. Race isn't the same as class, and Major's embrace for black and Asian supporters in Bournemouth may have borrowed a lot from Jack Kemp. But it wasn't forced; indeed, it would have been nice to hear Tony Blair doing something similar in Blackpool.

But let's not get carried away. Major's family background, for a start, isn't quite as humble as the propaganda would have it. It's quite true that the family had fallen on hard times, and that the move to Brixton from the outer London suburb of Worcester Park must have been hugely traumatic for the young son. (So was the stroke suffered by Tony Blair's father Leo.) But before John Major was born the family had been wealthy enough for his older siblings Pat and Terry to go to private school and to employ a full-time gardener. He rose rapidly through the ranks of the distinctly posh international bank Standard Chartered, largely through the patronage of its



Donald MacIntyre

The poor boy from Brixton might prefer peas to pesto. But he sent his children to private school and now he's Prime Minister

chairman, Tony Barber, a former chancellor of the exchequer. And, thanks to Margaret Thatcher, he also quickly climbed the political ladder, to become foreign secretary and chancellor within 11 years of becoming an MP.

He has a handsome five-bedroom house in Great Stanely, Huntingdonshire. He enthusiastically accepted membership of the posh yet Blue Chip club in the early Eighties. His last holiday was spent at the Riviera villa of Lord Harris who, though scarcely an aristocrat, is certainly a plutocrat.

Like the majority of his Cabinet and Tory MPs, Major chose to send his children to private school. This is one reason why some Tory MPs are annoyed that he has attacked Tony Blair for having gone to one.

The man in charge of his leadership campaign last year was Lord Cramborne, appointed Leader of the Lords by Major and, as a Cecil, the most aristocratic Tory there is. And so on.

None of this, least of all the quibbles about his family background, expose anything remotely out of the way for a Tory politician. It seems positively petty to go on about it. But he started it. And it helps to put Mr Ordinary in context. But there is an even deeper problem. Some of Major's inclusive rhetoric is a welcome change from Margaret Thatcher — who thought resolutely throughout her time in Downing Street of "their people" and "our people".

But what has Major actually done to bring about the classless society to which he committed himself six years ago? Beyond that, tinkering with an honour system which always awarded a few baubles to the humble. He believes in the abolition of inheritance tax — a measure which stands every chance of creating a new, fully fledged plutocracy who need never work if they choose not to.

The class consciousness with which the already famous passage on education in John Major's Bournemouth speech was shot through is peculiarly British. You can't really imagine a French, German or American politician making such an issue out of the personal education of a rival. Part of that, to be sure, is a separatist education system which Major sought to exploit against Blair in Bournemouth but which in 17 years the Tories have done nothing to alleviate.

There is some high ground to be claimed here, sketched out in a recent book by the (Tory) MP George Walden, and involving the gradual integration of some of the best independent schools with the state sector. Yet Downing Street only got round to acknowledging the book after belatedly discovering that Tony Blair had read it and was taking a lively interest. It's a trivial point, but it illustrates a bigger one. It's not necessarily where you come from that determines your attitude to class. Classless is as classless does.

Better Mrs B than a bunch of luvvies

By David Lister



Unlike the Arts Council, a Ministry of Culture with real enabling powers would at least be publicly accountable

Sooner or later every Conservative arts minister goes native. They come in murmuring about efficiency, marketing and box office profit and end up honing luvvies. First nights and private views have an undeniably aphrodisiac effect.

Having embraced their brief, they then desire to dominate it. And here they become somewhat frustrated.

Arts policymaking is stuck in a 1946 time warp. It was then that the Arts Council was set up under the chairmanship of John Maynard Keynes, and it distributed cash annually to its theatre, opera, music and dance clients. When arts ministers were invented some time later, they merely negotiated the sum from the Treasury for the Arts Council to distribute. The "arm's-length principle" was born.

I remember a frustrated David Mellor, when he took on the portfolio, telling me he was damned if he was going to use all his skills to wheedle money out of the Treasury for the arts, then have no say at all in how it was spent. But he did not manage to beat the system.

Last night, in a lecture to the Royal Society of Arts entitled "Our Culture, Our Heritage", Virginia Bottomley decided to chance her arm. First, she proved her devotion to contemporary culture. The bastion of home counties Conservatism cited as world renowned sculptors and painters the unlovely conceptualist trinity of Damien Hirst, Anthony Gormley and Rachel Whiteread.

"It is part of my role to create a framework in which the experimental will be supported," she said. "Whilst work which sets out merely to shock, or be a sensation, is unlikely to endure, when artists simply reflect consensus, we should worry for the state of our arts."

Like a mum who hums Oasis to show her worldliness to her children at the tea-table, Mrs Bottomley likes dropping the odd subversive name. In similar fashion she very publicly went to see the film *Trainspotting* at the Cannes Film Festival — on the recommendation of her daughter — and very publicly loved it. She did not, though, sing its praises to the Conservative Party Conference last week.

Don't read too much into this. Mrs Bottomley is a politician, first and foremost, and a connoisseur of modernism thirty-first. As an aide told me yesterday, she hasn't actually seen that much of the work of Hirst or Whiteread. It was more their general impor-

portance than a personal preference: the importance being economic importance — they do well abroad.

In the case of Mrs Bottomley, going native has a calculated political aim. With her audience last night softened up by her one-line espousal of cows pickled in formaldehyde, she began to move towards her real target, the arm's-length principle. Elliptically, she noted that the scale of change since 1946 "has wrought a world that Keynes would hardly recognise".

Less elliptically, she went on: "With the memory of the German, Italian and Russian regimes of the Thirties still fresh in everyone's mind, there was surely no alternative to an arm's-length principle in 1946. But is it still valid? Should we examine it again?"

And then, casting ellipsism to the wind, she announced she was setting up a forum comprising businessmen and

women and civic leaders to advise her on a monthly basis.

Is this taking arts policymaking away from the "luvvies"? It certainly sounds like it. "I want to make the holder of my office a more powerful catalyst," she told me recently. Certainly, last night she was being catalytic in all directions — firing broadsides at the Arts Council, and later announcing a lottery award for dance and drama students, though she does not technically give out lottery awards (that, too, is meant to be the Arts Council).

Perhaps this is a liberating piece of pre-election muscle-flexing by Mrs Bottomley. But if she is indeed signalling the end of half a century of government at arm's length in the arts, is it any longer such a heresy? The Government does not run the health or education services at arm's length. Why should there be such coyness over the arts? The answer

always offered is, give the minister his or her head and he or she will be decreeing what we can read, watch and listen to. The spectre of Tory Heritage Secretaries censoring subversive arts is actually as remote as a Labour minister refusing to fund a Terence Rattigan season because it is too staid.

As it happens, the only recent example of censorship was not by the government but by the Hayward Gallery — progressive institution that it is — in showing to Scotland Yard pictures from the Mapplethorpe catalogue before its Mapplethorpe retrospective, and bowing to advice on what it should and should not show. (I have to admit I do not recall that champion of the experimental and challenger of the consensus Virginia Bottomley challenging this decision.)

It is the Arts Council, too, that has failed in recent years to resolve funding crises in

regional theatres and London's symphony orchestras, while handing out millions of pounds in lottery cash to causes that have not always struck the country as wholly deserving.

And it is the same Arts Council whose own Byzantine procedures leave government, even this government, looking like democracy incarnate. Who elects the Arts Council and its advisory panels? Nobody. It is a quango of largely like-minded people who stare incredulously if you suggest that some of their procedures may not stand the test of democratic purity.

Is it acceptable that the chairman of the Arts Council's lottery panel recommends a multimillion-pound award to the Royal Opera House, then takes over as chairman of the Royal Opera House? Is it any more acceptable that the architect behind the South Bank redevelopment, also funded by a multimillion-pound lottery award from the Arts Council, is the vice-chairman of the Arts Council? No rules broken, but wouldn't we demand more rigorous standards from an elected minister of culture?

George Orwell and the experiences of totalitarian countries have engendered in us a distaste for the idea of a cultural affairs ministry with real enabling powers. But, unlike the Arts Council, such a ministry would at least be publicly accountable.

We also need something more substantial than a nodding gesture towards Damien Hirst or a daughter's recommendation to see *Trainspotting* to demonstrate the catholic tastes of the serving minister. Rather than plucking a few tabloid cultural demons at random to give herself street cred, Mrs Bottomley and future Whiteheads and Hirsts would be better served by her new advisory forum informing her of who is doing the most challenging and innovative work.

She could also change the practice of funding institutions rather than people, which meant that Peter Brook, an idiosyncratic but much-admired director, had to go to Paris to run a theatre company.

Provided we have first-rank ministers and civil servants, we have nothing to fear from a Ministry of Culture. What we do need is an end to the elliptical hints about the changes in Britain since Keynes bestride the arts. The Government should announce whether or not it is going to abolish the arm's-length principle and with it the Arts Council. Then we can begin the real debate about the nation's cultural policy.

The secret service, open to question

How good are Britain's intelligence services? What are they for? Do they achieve their purpose cost-effectively? These questions are so central that even the most secret parts of the state must not be immune from public questioning and debate. Tomorrow sees the publication of what I believe to be the most thoughtful, detached and up-to-date primer on the subject ever produced by a recent member of the British intelligence community in Michael Herman's *Intelligence Power in Peace and War*. Its appearance coincides almost exactly with Mark Urban's *UK Eyes Alpha* which, to the consternation of insiders, has placed in the public domain detail and argument from the recent secret areas of the state which is without precedent in its immediacy and sensitivity. One has been cleared by the Cabinet office, the other most certainly has not.

The past decade has seen the greatest advances towards accountability and openness since Sir Francis Walsingham turned intelligence into a serious part of statecraft in Elizabeth I's time.

It is high time, as the turn of the century approaches, to take a cool, hard look at just what we should and could be seeking by way of our national business. This is especially so since there is a real possibility of a change of government next spring that would produce an administration with almost no experience of intelligence activities.

Intelligence is a crucial element in any forward calculations. Is it the most cost-effective way of buying such influence for a cash and kit strapped country? Or is it, as a member of Her Majesty's Secret Intelligence Service inquired



Peter Hennessy

Do the intelligence services have a vital part to play in a changing world, or are they merely the 'itch after the amputation' of Britain's arm of global influence? It's time to review their role

recently, merely "the itch after the amputation" of Britain's arm of influence?

The Treasury has always taken a great deal of persuading that the nation gets value for money from its intelligence effort which, as Michael Herman puts it, still places us in the upper second division of intelligence powers. The Treasury sees intelligence-gathering like any other government operation: a "customer-contractor" deal. Customer departments, they argue, should tell their colleagues in the secret service what kind of information they need. The state's secret servants would then procure it, and the customer departments would pay.

John Major was quite keen on the idea when chief secretary to the Treasury. But, as Prime Minister, he appears, rightly, to have taken a broader view. Good intelligence is too much a seamless garment for this narrow approach to be sensible or practical.

Yet the Treasury is right to point out that the itch for intelligence, whatever the utility of its yield to those who would wish to maximise British influence or to approach the negotiating table well primed, does not come cheap at about £1bn a year. Though as Michael Herman points out, "intelligence is cheap compared with armed force or police; governments can afford to buy a lot of it for the cost of a frigate, or for the police manpower deployed on anti-terrorism protection". The British government, he adds tellingly, "is said to be spending almost as much on private consultancy fees for the Civil Service as a whole as it spends on intelligence."

When the Treasury acquires its copy of *Intelligence Power in Peace and War* it will, I suspect,

skim the book until it reaches the section on "Accuracy", with its chapter on intelligence failure and remedial. One hears all the time how Western intelligence as a whole failed to predict either the ending of the Cold War or the concatenation of events and personalities that triggered its termination.

Without wishing to explain away intelligence failures, I have to say that if I had been sitting around the table of the Joint Intelligence Committee (JIC) in the late Eighties I would not have wavered my pension on the likelihood of the Red Army being confined to barracks when the satellites, especially East Germany, began to slip from the Soviet Union's ultimate control. Intelligence has to be both accurate and illusion-free. It is not a trade that attracts or welcomes Pollyannas.

In a nasty world in which British interests, for both historical and current reasons, still girdle the globe, I remain convinced that British ministers, diplomats, civil servants and the military need to be as well primed as possible with timely information, often of a kind that cannot be procured by open means from orthodox sources. A new government would, I am sure, feel the same not least because of omnipresent terrorist threats. There is no indication that a Labour cabinet would finally wish to withdraw from an international posture that brings with it a seat at the UN Security Council and a range of influences out of proportion to our current wealth and firepower.

Real advantage remains with those nations whose knowledge base outstrips that of the competition. Intelligence without question is an influence-multiplier in the sense that it

enables a state to apply its other instruments of influence more effectively. And when I recently put the proposition "what targets should British intelligence concentrate on now?" to one of that heroic post-war breed of old Empire hands-turned-intelligence officers, without hesitation he replied "terrorism, international crime and trade". To his list I would add weapons proliferation, especially nuclear, biological and chemical.

That said, there is, I am sure, considerable scope for re-ordering the UK's intelligence effort within a gradually — though not dramatically — shrinking allocation of resources. Michael Herman is convincing on the need for cuts to fall on the collection side rather than upon the all-source analytical capacity where he wants both improvement and modest expansion.

This might be the time, too, to consider the feasibility of knowledgeable outsiders from universities and business being brought in to the JIC process to help avoid "tunnel vision".

Another crucial element in any hard, forward look would include the durability of the special intelligence relationship with the United States. Without it Britain would slip swiftly from its upper second division status as an intelligence power. Yet I suspect that so powerful is the Transatlantic and old Commonwealth nature of that relationship (which is enshrined in the 1947 UK/USA agreement) that the British intelligence community may be sceptical of and resistant to some of the opportunities that may arise if Europe continues to integrate and the UK remains part of that integration process.

The point I am making, in

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Founders of Prism Rail in £27m shares bonanza

MICHAEL HARRISON

Seven founder investors in Prism Rail, the company set up to bid for passenger train franchises, were sitting on a shares bonanza worth £27m last night after launching a rights issue to fund their latest successful deal.

The investors, six of whom run private bus companies, already owned 5 million of Prism's 13 million shares valued at £20m. Yesterday they were

awarded another 1.83 million shares worth £7.4m after the company took over its latest two franchises, South Wales and West Railway and Cardiff Railway.

Under a complex deal agreed at the time Prism gained its stock market listing on the Alternative Investment Market in May, the founders received 6.52 million deferred shares in return for agreeing to fund the cost of Prism tendering for rail

franchises up to a maximum of £2.7m.

The subscription agreement ensures that the founder investors receive deferred shares equivalent to 25 per cent of any new ordinary shares issued. The deferred shares are convertible into ordinary shares on a one-for-one basis each time a franchise is awarded and fresh equity is raised to fund its operations.

In addition to the new shares

awarded yesterday, the seven founders also shared in a payment of just under £900,000 for waiving their entitlement to take up shares in the rights issue.

Prism is raising £12.4m by way of an 11 for 26 rights issue at 240p compared with last night's closing price of 405p. Even if the shares do fall to their theoretical ex-rights price after the new issue, the founders' shareholding will still be worth £22.1m.

The founders are Godfrey Burley, who runs East Yorkshire Motor Services Group, and his partner in the business Peter Shipp; Giles Fearnley, who runs Blaizefield Buses, and his partner Stuart Wilde; Bob Howells, chairman of Lynton, and Len Wright of Q Drive, which are both also bus companies. The seventh founder is Kenneth Irvine.

In addition to the two South Wales franchises, Prism also op-

erates the London-Tilbury Southend line and has been shortlisted for a further four franchises. These are Cross Country Trains, West Anglia Great Northern Railway, Merseyrail Electrics and Anglia Railways.

The company is already the biggest privatised rail operator with three franchises under its belt and, depending on the success of its remaining tenders, could end up with at least a fifth

of all the former BR franchises sold off by the Government.

Prism is projecting a profit of £8m in the year to the end of March 1998, the first full-year for the enlarged group, and said its net assets, on a pro forma basis, were £21.4m.

A spokesman said that the large share rewards the seven founders had received reflected the risk they had taken by investing their own money and time in bidding for rail fran-

chises without any guarantee that they would win a single one.

South Wales and West Railway operates short train routes on the former Western, Southern and London Midland Regions of BR and will receive a subsidy of £70.9m next year. Cardiff Railway operates in the valleys north of Cardiff and will receive a subsidy of £19.9m net year.

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Statistics point to steady growth and low inflation

DIANE COYLE
Economics Editor

Kenneth Clarke, Chancellor of the Exchequer, could not have wished for a better set of economic statistics than he got yesterday, painting a picture of low inflation and steady, sustainable growth. The favourable economic background helped keep the pound at its highest level against the Deutschmark for nearly two years.

Yesterday's figures suggest that the Chancellor will be able to brush off pressure from the Bank of England to raise the cost of borrowing. Eddie George, the Bank's Governor, has warned that base rates will have to rise at some point to keep inflation on target.

Underlying inflation at the factory gate last month returned to its lowest since 1967, at less than 1 per cent. Most of September's increase in manufacturers' costs and in the prices they charged for their output was due to higher oil prices.

The Treasury said this was "an excellent base for falls in inflation in the high street".

A separate survey showing that retail sales by big stores remained healthy in September but had slipped back from August's heady pace of increase

backed this claim. "Fears of a runaway consumer boom are misplaced," said Andrew Higginson, chairman of economic affairs for the British Retail Consortium.

The recent surge in oil prices took prices at the factory gate up 0.4 per cent last month to a level 2.2 per cent higher than a year earlier. It was the biggest monthly increase since January, with crude oil prices at their highest since the Gulf War.

However, "core" prices, excluding food and energy, rose only 0.1 per cent. Their annual rate of increase slowed to 0.9 per cent, the lowest for nearly 30 years. Prices paid by manufacturers for inputs of fuel and raw material rose 0.3 per cent

last month. But their core rise was also only 0.1 per cent, taking them 6.5 per cent lower than a year earlier.

"All this bodes well for inflationary pressures at the retail level," said Alex Garrard, an economist at investment bank UBS. "Retailers are finding it difficult to make higher prices stick despite the upswing in consumer demand."

The prospect that this favourable background will translate into lower retail price inflation was reinforced by the latest high street survey. The British Retail Consortium reported a 5.2 per cent rise in the value of retail sales in the year to September, down from 6.9 per cent in August.

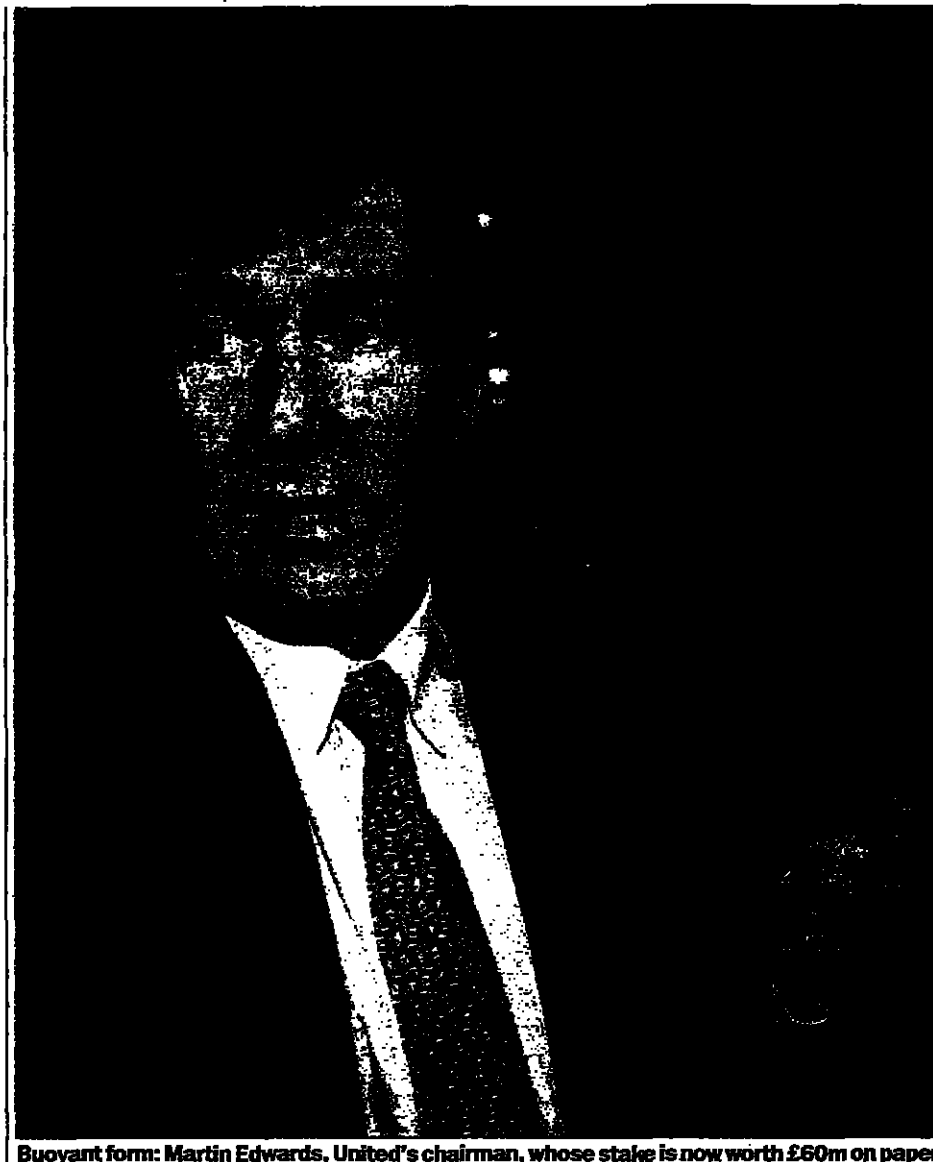
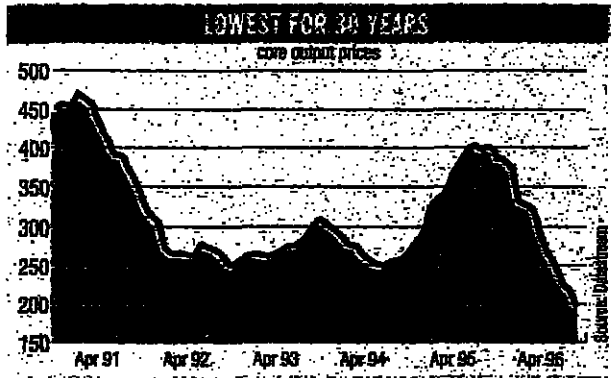
The survey also showed inflation in retail goods down to 2.1 per cent in September from 3.2 per cent in June. There was no sign that retailers have increased their margins.

The volume of food sales had increased as inflation had fallen, the survey said. Sales were most buoyant in housing-related sectors such as furniture and carpets. Sales of computers, software and video games were buoyant, although other electronic goods were flat after an "exceptional" August.

The prospects for interest rates depend on how long the inflation indicators remain so favourable and on how fast the pace of demand picks up. "The Bank of England lacks the ammunition to push for a rate hike," said Michael Saunders, an economist at Salomon Brothers.

Although yesterday's figures all went Mr Clarke's way, the all-important initial estimate of GDP in the third quarter will be published before the next monetary meeting, due on 30 October. The broad measure of economic activity may point to stronger growth than indicated by figures for the high street alone.

The pound closed slightly higher at DM2.4158 and \$1.5795 yesterday.



Buoyant form: Martin Edwards, United's chairman, whose stake is now worth £60m on paper.

Man Utd shares hit new high

Manchester United extended its outstanding recent stock market form yesterday as renewed bid speculation sent the share price soaring by around 10 per cent for the second straight session, writes Patrick Toher.

The latest gains followed that American Mark McCormack's IMG marketing agency was considering a bid for the FA Cup winners and Premier League champions.

IMG declined to comment on the United story, but said it was interested in increasing its involvement in football.

Earlier this year IMG lost out to sportswear company Adidas in a battle for control of former French football champions Olympique Marseille.

United's shares soared 45.5p to 559p, valuing the club at almost £350m. The share price has virtually trebled since the start of the year. The latest winning run was triggered when chief executive Martin Edwards, who owns 17 per cent of the company, said last week that United's status as Britain's most profitable soccer club made it a likely bid target.

The publishing group VCI made a £300m bid for United earlier this year which was rejected. Potential income from pay-per-view deals is also helping to drive the share price higher.

Regulators 'would be SIB departments'

PETER RODGERS
Financial Editor

Labour yesterday hardened up its commitment to legislate to reform City regulation, with a promise that all the City's junior watchdogs would lose their identities and be converted into departments of the Securities and Investments Board.



O'Brien: Said he wanted to 'end regulatory arbitrage'

Labour has long planned to legislate for a single regulatory authority but until recently left open the question of whether the individual regulators would maintain some form of separate identity within the planned single statutory organisation.

Mike O'Brien, the Labour City spokesman, made clear that this was unlikely. He said: "We do not believe there is any

benefit in distinguishing SIB and the self-regulating organisations. It is an extra layer of bureaucracy. The SROs would be folded into the SIB."

The junior regulators include the Personal Investment Authority, the Securities and Futures Authority and Imro, the investment management regulator.

Mr O'Brien said: "At the moment, there is confusion, duplication and bureaucracy. Labour would simplify the structure and cut the cost of regulation by removing a layer of bureaucracy. We want to delay the structure and change its nature."

It had developed into a hybrid structure, halfway between self regulation and statutory regulation, and had failed because it was too difficult to serve the public and business interests at the same time. Mr O'Brien said. Labour plans to make the SIB a statutory organisation answerable to the Treasury but operating from it at arm's length as a free-standing agency.

Mr O'Brien said this would simplify the structure, end "regulatory arbitrage" - in which firms seek to be regulated by the SRO giving them the easiest terms - and clarify responsibility. The public would know who to complain to and investors from abroad would know which rules would apply to their particular area of investment, he said.

Tesco offers Internet shopping

NIGEL COPE

Tesco has launched a home shopping trial on the Internet in an attempt to attract shoppers who are too busy to visit their local supermarket. Tesco Direct started the service in the Ealing area of West London last week and will extend it to other areas if it is successful.

The service offers 20,000 product lines, a similar number to a full sized supermarket. The goods are available at supermarket prices though customers pay a £5 charge for delivery.

Customers must be members of Tesco's ClubCard scheme and can order their groceries through the ComputerServe Internet access provider. They can also order by phone or by fax. Orders are delivered the following day.

"I don't think it will appeal to everybody. It depends how much people value their time," says Paul Arnold, business consultant for Tesco Direct.

Tesco's move into home delivery is the most significant yet by one of the supermarket majors. Sainsbury's has links with Flanagan's, a south London company which offers a Supermarket Direct service on a limited number of lines. And Safeway is considering following Tesco and Sainsbury on to the Internet to offer flowers and wine. But Tesco is the first UK supermarket group to offer a full range of groceries on-line.

Forecasts by Andersen Consulting show that home delivery could soon account for around 20 per cent of UK grocery shopping. Some experts say the supermarket giants could lose their market dominance to

smaller operators or branded manufacturers who may be able to offer lower prices as they do not have the additional costs of an expensive store portfolio and large wage bills.

They say the supermarkets are over-estimating customer loyalty and the way shoppers feel about the grocery trip.

The supermarkets have been dismissive about these threats but are monitoring the market closely. They say customers enjoy visiting the supermarket and would be unhappy about someone else selecting their tomatoes or bananas. The Tesco system enables users to include comments on how ripe they would like their fruit, or what substitute they would like if it is not available.

Some home delivery schemes in America show that fruit and vegetables are the most popu-

lar items ordered. Work on virtual reality versions of the supermarket could also soon be able to replicate more aspects of the supermarket experience.

Richard Perks of retail consultants Verdict Research is unconvinced that home delivery will become a mainstream business. "I'm sceptical about it becoming a major part of the grocery market though I can see that it would be attractive for busy professionals."

He adds that start-up operations or groups of manufacturers would struggle to match the buying power of the supermarket groups, whose sales run into tens of millions of pounds. If home shopping looked as if it was going to take off, the supermarkets would launch their own services rather than see the market grabbed by a rival, he believes.

Pan Am returns to the skies

DAVID USBORNE
Miami

On time and with a decent passenger load, our A300 Airbus lifts off from Miami, bound for New York's John F Kennedy. Some of us may feel a twinge of anxiety - this is a start-up airline, after all, only in the second week of operation. The fact that its name is Pan Am might help. Then again, it might not.

Five years after the old Pan Am signed its last breath in the Lockheed crash of Flight 103 - its old blue-globe logo is aloft

once again. My plane is christened in the Pan Am tradition with "Clipper America" painted on its side. The pilots wear the familiar white caps.

With only three Airbus aircraft in its fleet, flying between Miami, New York and Los Angeles, the reincarnated Pan Am is, for now, a shadow of its once-venerable predecessor. Another eight aircraft are on order, however, and routes may be added both domestically and to Ireland and Berlin.

It is the name that is returning to the skies, not the old company. Earlier this year, Martin

Shugrue, a former chief operating officer of the original Pan Am, purchased a fleet of Airbus aircraft from the estate of another defunct carrier, Eastern Airlines. He then teamed up with Miami investor, Charles Cobb, who in 1993 had purchased the Pan Am brand and logo at a bankruptcy auction.

Thus the new Pan Am was born on 26 September. There is a poignant gamble at the heart of the venture: that nostalgia and sentiment about a carrier whose first routes were charted by Charles Lindbergh will outweigh memories of

the Lockerbie tragedy that killed 270. "We do carry the Lockerbie altobross and it will be always with us," said Bill Elio, vice president for passenger services.

Some relatives of victims of 103 lodged a complaint with the federal government in an attempt to have the launch of the new Pan Am blocked.

About 40 per cent of those recruited to the new Pan Am were with the old carrier.

Two hours, a hot meal and an in-flight film later we touch down, two minutes ahead of schedule.

Tunnel seeks longer franchise

MICHAEL HARRISON

Eurotunnel yesterday indicated that it might not get support for the rescheduling of its £8.7bn debt mountain unless the British and French governments agree to a "substantial" extension of its concession.

The Channel Tunnel operator yesterday submitted a formal request for the franchise to be lengthened from the present expiry date of 2052. The company is thought to be looking to extend the concession from 65 to 99 years.

"In the board's view such an extension is very important to securing the approval of the restructuring plan by shareholders and banks alike," it added.

The announcement caused some surprise since only last week Eurotunnel said that approval for the rescheduling was not contingent on its concession being extended and appeared to play down its importance.

If the concession is extended then shareholders will receive extra warrants entitling them to subscribe for new shares at 130p. If they were fully exercised then existing shareholders could see their share of the enlarged equity rise to 55.5 per cent, supposing the banks do not convert any of their equity notes into shares, giving them control of Eurotunnel.

Eurotunnel's 750,000 shareholders will not be able to vote on the restructuring, which could see their interest reduced to under 40 per cent, until April next year. The French shareholders group Adacore, already urging investors to vote against the deal.

The request to extend the concession came as Eurotunnel announced a management overhaul, and formally appointed Kleinwort Benson as its corporate finance advisers in the UK. A team from Kleinwort advised Eurotunnel throughout its negotiations with the steering group of six lenders representing its worldwide syndicate of 225 banks.

The management change under group managing director Georges Christian Chazot will see responsibility for Le Shuttle and through rail services divided up. Bill Ditt, previously chief commercial officer, becomes managing director of Le Shuttle and James Evans continues as director of rail services.

Alain Bertrand, formerly chief operating officer, becomes managing director, planning and development, with responsibility for "maximising productivity of group assets and personnel".

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— A. C. C. C.

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STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
FTSE 100	4038.79	+10.60	+0.3	4038.79	3632.30
FTSE 250	3345.90	-0.30	-0.0	4568.60	4015.30
FTSE 350	2008.10	+4.10	+0.2	2008.10	1816.60
FTSE SmallCap	2182.30	+3.62	+0.2	2244.36	1964.06
FTSE All-Share	1980.99	+4.00	+0.2	1980.99	1791.95
New York	6012.98	+53.60	+0.9	5992.86	5032.94
Tokyo	21024.28	+61.09	+0.3	22666.80	19734.70
Hong Kong	12330.35	+111.95	+0.9	12330.35	10204.87
Frankfurt	2693.89	+7.85	+0.3	2702.95	2253.36

INTEREST RATES					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
Short sterling	4.00	-0.01	-0.2	4.00	3.50
UK medium gilt	7.47	-0.01	-0.1	7.47	7.00
US long bond	7.38	-0.01	-0.1	7.38	6.50

CURRENCIES					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
£/\$	1.5753	+0.0022	+0.14	1.5742	1.5742
£/DM	1.6665	+0.0026	+0.16	1.6724	1.6724
DM/£	2.4126	+0.1801	+7.47	2.4171	2.4171
¥/£	175.859	+1.485	+0.85	158.201	158.201
£/¥	87.8	+0.7	+0.8	84.5	84.5

OTHER INDICATORS					
Index	Close	Day's change	Change (%)	1996 High	1996 Low
Oil Brent	24.58	+0.85	+3.4	16.10	14.10
Gold	381.45	+0.40	+0.1	389.96	389.96
Gold 2	241.50	-0.38	-0.2	243.57	243.57
Base Rates	—	—	—	5.75pc	6.75

JPY 100 1520



Sterling the new safe haven? Pull the other one

Sterling as a safe haven? Well there's a thing. And yet amazingly this is one of the reasons cited by traders for the present strength of the pound. By any stretch of the imagination this is a turn up for the books. For thirty years or more, sterling has been a pariah currency, the sort of coinage you could pretty much guarantee to lose your money in over the long haul. Now, some believe, a new competitor is about to enter the ring for the title of weakling of Europe - the euro.

This is very much based on the idea that Maastricht will be fudged to a degree that will allow both Italy and Spain in from day one, in which case the euro might be expected to behave more like the lira and peseta than the D-mark. Up until recently the markets had assumed that the Bundesbank line on the need to keep out the soft Mediterranean currencies would prevail. But now we have both Italy and Spain in a made dash to join EMU at its planned starting date of 1999. As a result, there is a growing prospect of a wider and more unstable single currency.

Meanwhile, the plucky little pound, standing bravely aloft from the euro, will take on the attributes of the Swiss franc as a currency that holds its value through thick and thin, an attractive haven for the rich and secretive.

What we are witnessing, those who hold this view insist, is a sea change, with sterling climbing back to its pre-war position

as one of the strongest currencies in the world.

And pigs might fly. While there are certainly signs aplenty that the British economy is kicking old habits, markets are going to take a little bit more convincing yet. Other explanations for sterling's strength are rather more mundane, short term and believable.

The first is that gilts look cheap against other European bonds, which in turn have been buoyed by the dash to the euro and german style bond yields. For the next few months at least, sterling assets look attractive to foreign investors. And here's the second reason why sterling is showing strength: short term interest rates in the UK are on the turn with the next move most definitely up, probably sooner rather than later. The very strength of the pound, the effect of which is to dampen the economy and inflation, gives the Chancellor a little more lee way than he had before, but even so there can be little question that he must raise interest rates again shortly. Third, there is the strong oil price, up very substantially over the last year; it is easily forgotten that Britain is still a net exporter of oil and gas.

For all the Chancellor's achievements, the UK's inflation rate remains above the EU average - well above it if Greece is included. Many economists, not just a hard-core of "sado-monetarists", think the current recovery will prove inflationary, if not as seriously so as the Lawson boom. The pound might be a good bet for several months, but it has

not yet knocked the mighty mark off its pedestal. Sea changes do happen, every now and again a currency takes on a different kind of status, but such change rarely happens over night. Certainly sterling is not there yet.

Another day, another takeover rumour concerning Manchester United, and another burst down the wing for the share price. What on earth is going on? Martin Edwards (Mr Chairman to his ground staff) is beginning to attract bid speculation like Vinnie Jones accumulates red cards.

Perhaps it is something to do with his suggestion that the club would have to consider a bid if it was pitched at more than £400m - against a current market price of £350m. That is not the kind of thing chairmen of publicly quoted companies normally say. Then again, Manchester United, indeed football clubs as a genre, do not make for normal quoted companies.

Just look at Celtic, where the wizards of the financial drizzle are producing some very strange results. It lost £1m last year, it hasn't won anything on the field for ages, it is the perennial poor relation to its Glasgow rival Rangers, and yet the share price has doubled in the last six months to £20. Ay, that's football, laddie.

The meteoric rise in Man Utd's share price has a little more substance behind it. It has won the double (again), it is back in

the European Cup, which is a licence to print money now that they have dreamed up the wheeze of turning it into a mini-champions league, and it has the new BSkyB television deal and pay-per-view to whet the appetites of its City supporters. Television income alone could treble to £15m next year.

Hang on, though. It is, at the end of the day and when all is said and done Brian, only a football club. And the defining feature of football, unlike other sectors of the entertainment industry, is that there can only be one winner. What happens to those gate revenues, the TV income, and the Giggles duvet covers when United crash out of Europe and Newcastle finally snatch the Championship from them?

This does not seem to have deterred an apparently endless stream of potential bidders from Michael Grade's VCI video business to Granada. Whitbread and now Mark McCormack's IMG. Can Sir Desmond Pitcher's United Utilities, which already supplies water and light to the masses in the north west, be far behind?

Football has come a long way from the days of stale pork pies, lukewarm Bovril, urinals that resemble cowsheds and ogomaniac owners who treat clubs like trophy assets. But is it really the sort of business which is appropriate for the stock market?

Perhaps football clubs will eventually tire of the disclosure requirements that come with public ownership and take themselves private again. In the case of Man Utd, Mr

McCormack could save them the bother if his rumoured interest turns out to be real.

Meanwhile its directors, who own 22 per cent of the stock, continue to do well as the punters dive in oblivious to the stream of denials from would-be bidders. And what of the referee in all this? The Stock Exchange has thus far stayed firmly on the sidelines.

Believe it or not, there have been even better performers than Man Utd these past six months. One is Prism Rail, which has seen its share price increase fourfold as the company scoops one BR passenger train franchise after another. These, you will recall, are the very same franchises that appeared so undesirable that hardly anyone wanted to bid for them. Once snapped up by a stock market vehicle like Prism, however, they suddenly seem to acquire great hidden value. Someone, somewhere has got it wrong, and if it is the stock market, then there are going to be some badly burned fingers out there.

In the meantime, the seven founder investors, who have so far put up £2m of their own money to finance these bids, have been royally rewarded. Even adjusting for the shares going ex-rights when the latest equity raising is complete, they will still be sitting on a £30m profit. These investors, queuing up twice around the block for the rights, the founders have generously decided not to take up, may find they need strong nerves.

MMC report contained threat, says British Gas

CHRIS GODSMARK
Business Correspondent

The row between British Gas and the industry regulator, Clare Spottiswoode, continued yesterday after the company claimed the terms of her formal reference to Monopolies and Mergers Commission of its pipeline charges could be interpreted as a threat.

Ms Spottiswoode said the MMC's investigation would be confined solely to the prices charged by British Gas's pipeline and storage business, TransCo, after speculation that she was poised to ask for a much more wide-ranging probe into the company's structure.

However the Ofgas press statement raised the possibility that the MMC could widen its inquiry, which is expected to last six months, at a later date. Ofgas said it "does not ask the MMC to consider structural changes to British Gas at this time; however, it is possible for the Director General [Ms Spottiswoode] to widen the terms of the MMC's investigation".

Philip Rogerson, British Gas's deputy chairman, said the company would have to prepare its evidence for the MMC panel on the basis that the investigation would eventually be expanded.

He said: "We are confused. First she says it's a narrow reference but then she says it might be widened. I don't know how to understand it... this clearly could be interpreted as a threat."

The MMC referral followed automatically from the compa-

ny's decision to reject the controversial five-year price regime, which would cut average gas bills to 19 million domestic customers by £28 from next April. British Gas has savagely attacked the plans, which it claims would reduce TransCo's revenues by £550m a year and lead to 10,000 job cuts, half TransCo's workforce, putting the pipeline system's safety at risk.

Ogas told the MMC the current price formula enabled the company to charge unnecessarily high pipeline and storage prices compared with those needed to give shareholders a fair reward.

Earlier press reports had suggested Ogas might want the MMC to consider whether the two businesses within TransCo International should be separated.

A wider MMC review into the structure of British Gas, which would have been the second in four years, could have threatened the company's plans to split itself in two. The demerger, due next spring, will hive off TransCo into a separate company which would include other activities such as offshore exploration and production.

Mr Rogerson said he assumed Ogas would not seek to reopen the issue of the demerger, which was advocated by the MMC in 1993. But he said: "We have no alternative but to prepare for the possibility that the investigation might be widened. I'm struggling to know how to read this particular phrase in the press release."



Philip Rogerson: 'The investigation might be widened'

A spokesman for Ogas said the wording had been made for legal reasons and it was not the regulator's intention to widen the scope of the investigation.

"It's a technical thing that the lawyers asked us to put in. Technically Clare could extend the terms but it's highly unlikely that

we'd bring in something new." Shares in British Gas closed 4p lower at 184.5p following the statement from Ogas.

Many analysts regard the shares as "dead money" for the foreseeable future until the row with the regulator is resolved.

Highland Distilleries profits fall

TOM STEVENSON
City Editor

In its first full-year figures since acquiring Macallan-Glenlivet in an acrimonious bid this summer, Highland Distilleries disappointed the market with a 14 per cent fall in profits for the 12 months to August. Highland's shares fell 9p to 330p as the market focused on a 4 per cent decline in the UK scotch market which accounts for the majority of the company's sales.

Reorganisation costs of £3m, combined with lower interest receivable, depressed results that were suffering from a stagnant market for whisky. Even though The Famous Grouse, Highland's biggest-selling brand, outperformed the market as a whole, it still sold 3 per cent fewer bottles than a year ago.

Highland's shares have underperformed the market by more than 20 per cent since the beginning of 1994 as the problems affecting all spirits companies have been used as a pretext to deride the shares. After the above-inflation price



Brian Ivory: Hit out at rising duty levels in Europe

risers of the 1980s, the whole sector has suffered a hangover of stagnant demand, flat prices and no tax on wine. France is Highland's largest export market, accounting for about 10 per cent of its export sales.

Ahead of the rises, Highland reported volume growth of 13

per cent in continental Europe and 8 per cent in America but Mr Ivory admitted that these markets were relatively small. Combined sales of £36.2m in those regions combined with £106.5m in the dominant UK market.

After the redundancy costs at Macallan, and including only £3.6m of interest received compared with the £6.4m achieved in the previous year, profits before tax fell from £42.9m to £37.1m. Before the one-off items associated with the Macallan deal, profits were flat at £36.5m, struck from a 2 per cent increase in turnover to £184.5m.

Highland's takeover of Macallan was pushed through in August after Suntory of Japan added its 25 per cent holding to Highland's 26 per cent stake to make a combined bid for the remaining minority. Highland said yesterday it had found potential cost savings of £1.5m in shared sales and marketing with its own Matthew Glog subsidiary.

Investment Column, page 22

BA and Virgin chase bankrupt French airline

JOHN WILLOCK

British Airways and Richard Branson's Virgin Express both announced bids yesterday for Air Liberté, a bankrupt French airline coveted for its strong position at Paris's Orly airport.

They face stiff competition from two French companies and a Government that would prefer a "French" solution. The French bidders for Air Liberté are four operator Nouvelles Frontières and Consortium de Réalisation, the owner of troubled French airline AOM.

The eight-year-old airline is being sold by its administrators after running up Fr650m in losses in the first nine months of this year and accumulating Fr1.5bn in debt. The airline expanded rapidly in highly competitive markets, and went into receivership on 26 September.

British Airways offered Fr25m for Air Liberté and promised to keep 1,250 of its 1,300 permanent staff if its bid is accepted.

The Fr1.5bn debt lodged by Air Liberté with the administrators would not be taken on by BA under the terms of the offer, a BA spokesman said. A spokesman for Virgin Express, Richard Branson's low-fare carrier based in Brussels, said it has also "written to the administrators with a proposal." Virgin refused to comment further.

Air Liberté's administrators had set yesterday as the deadline for bids. There was no immediate comment from the two French companies.

British Airways wants Air Liberté to strengthen its TAT European Airlines unit in France. "Linking with Air Liberté represents an excellent opportunity to secure the group's presence in the French domestic market," said BA chief executive Bob Ayling.

Once the TAT/Air Liberté group returned to profitability, French investors would be invited to take a stake in the business, BA said. Goldman Sachs is to advise on this.

"TAT and Air Liberté would initially be kept as two distinct companies, owned by a French holding company established by BA."

BA complained last week to the European Commission that a purchase by AOM's holding company would violate EU rules against state aid. BA said it would be tantamount to a state subsidised rescue for the company.

The holding company is selling assets owned by Crédit Lyonnais, the debt-burdened French bank now being bailed out in the largest corporate rescue package in French history.

IN BRIEF

• John Lewis Partnership, the privately-owned retailer, said total sales in the week to 5 Oct were 12.6 per cent higher than a year earlier. Turnover for the 10 weeks to 5 Oct rose 12.8 per cent from a year earlier.

• Philips yesterday warned of lower second half profits and signalled further job cuts. The Dutch electronics group said it was "most unlikely" that the second half would see an improvement in income from operations compared to the same period last year. In July, the company forecast an improvement in second-half results. "We believe it necessary to accelerate planned actions for recovery," Philips said, adding that further details will be included with the announcement of third-quarter results on 24 Oct.

• Chrysler reported record third quarter net earnings of \$680, or 93 cents a share, up from \$345m a year ago. The figures, way ahead of analysts' expectations, were lifted by a sharp increase in Chrysler's share of the retail car and truck market in North America, which rose 15.5 per cent compared with 13.6 per cent a year ago. Total unit sales of cars and trucks during the period were 645,766, versus 560,841 last year.

• St George Bank has launched a A\$2.65bn (£1.3bn) takeover of Advance Bank in a bid that will create Australia's largest regional bank. The new bank will have assets of A\$40bn, deposits of A\$22bn and shareholders equity of A\$3.5bn. St George will effectively acquire Advance by offering A\$7.30 for each Advance share, issuing a maximum 227m shares. The offer represents a 20 per cent premium over the average Advance share price in the last five trading days. St George will also raise A\$560m in a capital exercise.

• Rite Aid, the largest chemists' chain in the US, has agreed to buy Thrifty Payless Holdings for about \$1.4bn in shares and debt. Rite Aid will swap 0.65 shares for each Thrifty share, or about \$23.30 a share. The combined company will have 3,500 stores with \$10bn in revenue across 26 states.

• Archer-Daniels-Midland agreed to plead guilty to price fixing charges and pay \$100m in fines. The agreement announced by the corn and soybean processor follows talks with the US Justice Department and marks the closing chapter in widely publicised, four-year inquiry that included hundreds of secret audio and video records.

• Gehe, one of Europe's largest drug wholesalers, declined to comment on reports it plans to sell all of its drug production units for a total of DM800m (£331m). German daily newspaper Handelsblatt said Gehe planned to sell its generic-drug making units in order to focus on retail and distribution. Handelsblatt said Sandoz was interested in buying Gehe's Azapharma unit, which has sales of DM270m. Gehe also declined to comment on its effort to take over Lloyds Chemists, the British pharmacy chain. Gehe has offered £550m for Lloyds Chemists.

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business

Imro fines four firms £400,000 for pension breaches

JILL TREANOR
Banking Correspondent

Imro, the investment regulator, yesterday gave its firmest indication yet of the tough line it is taking in its review of pensions mis-selling by levying hefty fines against four independent financial advisers.

The fines, totalling £405,000 plus costs for rule breaches in pension transfers, are the first imposed by Imro in relation to pension transfer business conducted before new guidelines on pension selling were introduced in July 1994.

Imro also said it was making "substantial progress" towards completion of the review of the pension transfer scandal and said the majority of Imro regulated firms will complete their review within the 31 December deadline.

"Imro believes that its approach to the pension transfer problem, which has emphasised redress to investors coupled with disciplining firms for their past failings, has created strong incentives for firms to complete the review in a timely way," said Philip Thorpe, chief executive of Imro.

The largest fine, of £200,000, was levied against Godwins, based in Farnborough, for breaches of Imro's rules and its statement of principles on pension transfer business between June 1988 and December 1993. Godwins will also pay Imro's costs of £56,384 and make a contribution towards tribunal costs.

Imro fined Willis Corroon Financial Planning £95,000 for breaches between December 1991 and October 1993, ordering the firm to pay costs of £67,948 and make a contribution towards tribunal costs.

Health Consulting was fined £70,000 for breaches between June 1991 and April 1994 and order to pay costs of £50,000. The smallest fine was levied against Alexander Consulting Group, based in Glasgow, for breaches between June 1990 and December 1993. Alexander was fined £40,000 but will also have to pay investigation costs of £50,220 and make a contribution towards Imro's disciplinary costs.

These four firms conducted approximately 14,000 pension transfer cases, including 2,800 "priority" cases.

Hunter Devine, chairman of Godwins, said of the 1,167 priority cases it was analysing, it had so far established that only 13 individuals would need compensation of between £5,000 and £7,000 each.

Alexander said of the cases it had reviewed no one had required compensation, while Willis Corroon expects that around 5 per cent of the 5,000 cases it is examining may require corrective action.

Imro is investigating 22 firms in all. Five have been given non-public written warnings for less serious breaches, three have been closed with no action required and another 10 are outstanding. In total, 30 firms are conducting their review under Imro, and 18 will have offered compensation by year-end.

Another 3,000 are being reviewed by the Personal Investment Authority (PIA), prompting some independent financial advisers to suspect that the regulator will not take as tough a line with the firms it is reviewing because of the sheer weight of numbers. However, a spokesman for the PIA insisted it would take disciplinary action where appropriate.



Mary Walz: Was heavily criticised in a Bank of England report on the collapse of Barings

Barings 'took bonus back from executive'

A former Barings bank executive was called "a star" and offered a £500,000 bonus hours before the bank's collapse, an industrial tribunal heard yesterday.

American-born Mary Walz, 36, who had day-to-day contact with the failed trader, was allegedly promised the huge sum by the deputy chairman, Andrew Tuckey, at a meeting in London. But the next day news broke of Leeson's disastrous £830m losses in Singapore and Ms Walz never got the cash, the hearing was told.

Ms Walz was criticised in a Bank of England inquiry into the collapse of Barings for not checking Leeson's deals. She claims she is owed the £500,000 bonus, insisting the offer was "set in stone".

The offer was withdrawn after the bank crashed and four months later Ms Walz was sacked, along with 20 other managers, following Barings' rescue by Dutch bank ING.

Ms Walz, who headed the bank's global equity financial products arm, is demanding it pay the annual profit-sharing bonus. She told the hearing in Stratford, east London, that Mr Tuckey had praised her performance before offering

her the bonus. Barings admits discussing a figure of £500,000, but claims it was only an "informal pre-provisional notification" which was withdrawn immediately after the bank's collapse in February 1995.

Opening Ms Walz's case, her counsel, Mr Andrew Sendall, said: "The customer practice was that this bonus would be paid in March each year. In the meeting with Mr Tuckey on 23 February, he said words to the effect of 'You're a star'."

"He then handed her a document on the 1994 profit share bearing the words: 'Mary Walz - £500,000'. That was a contractual entitlement and was to be paid in tranches. She was given the provisional notification of the figure but the next day news broke of the disastrous losses caused by Leeson's activities in Singapore."

Ms Walz was awarded a £160,000 bonus in 1992 and £300,000 a year later. She was dismissed in July 1995 after being heavily criticised in the Bank of England report for not checking on Leeson's trading.

Employees retained by ING after it bought Barings received bonuses totalling £90m but those who were dismissed received nothing. The case continues.

IN BRIEF

• Rascal Electronics has been chosen to undertake exclusive negotiations with the Ministry of Defence to upgrade radar systems for Royal Navy Sea King helicopters. The news means Rascal is likely to win the contract, thought to be worth around £90m, to replace radar installed in 10 of the helicopters by the company after the Falklands War. In July, Rascal was contracted to replace radar for RAF Nimrod early warning aircraft. Rascal said the two contracts, which are worth £150m, could create up to 500 jobs in supply companies around the group's plant at Crawley in Sussex.

• Hepworth, the building materials group, confirmed it was in talks with a "number of parties" about selling its refractories division. Reports named Austria's Raxer-Heraklith, Global Industrial Technologies of the US, France's Lafarge and the UK's Cookson Group as possible buyers. CINVen, the venture-capital company, is also said to be interested.

• The managing director of Associated British Ports, the port operating subsidiary of Associated British Ports Holdings, is stepping down for personal reasons. Alastair Channing, effectively number two to chairman Sir Keith Stuart, will not seek re-election when he retires at the annual meeting in April. His successor would be announced in due course, the company said.

• Graseby, the electronics group, has won a £22m defence contract to supply chemical agent monitors to the Swiss Defence Procurement Agency. The deal has been secured by Graseby Dynamics and deliveries are expected to start in 1998.

• RM, a supplier of information technology to schools and colleges, has signed a deal with Virgin Net to provide an education service to home users via the Internet. Virgin plans to launch its service in schools early next year.

• Kier Group, the construction and property company, has increased profits to £7.3m in the year to June. The company recorded profits of £7m last year. Sales were 5 per cent ahead to £61.4m with the international construction division performing strongly.

• Allied London Properties increased pre-tax profits to £2.3m from £1.7m last year. The chairman, Sir Geoffrey Leigh, said the company would acquire retail and industrial properties with the aim of improving rental income through tenant mix. He said properties not meeting this strategy would be sold.

• James Halstead, the Manchester-based floor coverings manufacturer, revealed pre-tax profits for the year to end June of £10.6m, up from £10.3m, and raised its dividend to 9.25p from 8.5p. It expects to see a return to profitability at its loss-making Conway Products unit in the next three months, after which the group will look for new management to replace those who quit the unit in June.

• Capita, the management consultant, has won a three-year contract to administer the national phase of the Government's nursery education voucher initiative. The deal to provide all administrative support for the scheme is worth approximately £15m. Capita already administers a pilot scheme in four local authorities.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Allied London Properties (1 - 1)	9 182m (11.05m)	6.5p (11.2p)	4.0p (4.0p)	
Bracewell Holdings (1)	62.034 (33.842)	40.008 (107.659)	0.5p (1.1p)	nil (1)
Five Oaks Investments (1)	6.57m (5.13m)	2.06m (2.33m)	2.0p (2.1p)	0.8p (1)
James Halstead (1)	77.64m (72.61m)	10.63m (10.33m)	9.25p (8.5p)	9.25p (8.5p)
Highland Distilleries Co (1)	184.9m (130.6m)	37.1m (42.3m)	20.7p (22.1p)	8.3p (7.9p)
Premier Farnell (1)	442.3m (264.3m)	56.1m (71.3m)	13.6p (18.2p)	5.20p (4.27p)

(1) - Full (1) - Interim (1) - Nine months

Premier deal props up Farnell

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

When Farnell Electronics swallowed Premier, its far larger US rival, in a £1.8bn deal in April, the critics said it was a deal too far. The scope for slippage was considerable, they said. And with Farnell's regular business of supplying electronic components to engineers and manufacturers chugging along nicely, they questioned its logic.

Yesterday's figures and particularly the gloomy statement from the chief executive, Howard Poulson, seemed to prove the Jeremiahs right. The first results to include the Premier deal, they showed that underlying profits at the renamed Premier Farnell were slightly below expectations at £5.2m. The Premier business contributed £34m less rationalisation costs of £7.7m. The market took fright at the figures and the shares fell 20.5p to 660p.

At first glance it looks like a case of unfortunate timing. No sooner had Farnell's management got their hands on their acquisition than the markets ran into a wall. Volume growth slowed and, with a crowded market placing pressure on prices, margins weakened. In semi-conductors, unit volume demand remained relatively strong but excess capacity again hit prices and margins.

Though the warning signs were apparent in the US as early as last December, the market's deterioration was worse than management expected. It reached its worst point in May and June, which forced a warning at the June annual meeting.

That is the bad news. There is, however, a strong argument to suggest that Farnell's performance would have been far worse if it had not undertaken the Premier deal.

Premier's strength is its catalogue business which supplies higher-margin components to customers who need smaller volumes delivered at short notice. This sector has been far less affected by the downturn.

The problem area has been Farnell Electronic Services, the group's volume distributor, which principally supplies semi-conductors to industry. Here the performance in Europe was poor, with Germany and Italy particularly weak. The volume business used to account for a third of Farnell's operating profits. Now it accounts for just 15 per cent of the enlarged group's earnings.

The priority is to develop the catalogue business. Farnell Components, the European catalogue distributor, is still growing sales and profits, albeit at a slower rate than last year. It has recently extended its opening hours to provide 24-hour availability of product. Even so, the outlook is far from brilliant. The company is not expecting market conditions to improve for the

remainder of the year, even though Mr Poulson feels they will not get any worse. Analysts are expecting full-year profits of £143m which puts the shares on a forward rating of 22. High enough.

Famous Grouse hit by flat sales

Highland Distilleries, maker of The Famous Grouse, was cast in the role of wretched corporate predator earlier in the summer when it forced through the takeover of Macallan, but in reality it is more sinned against than sinning, dependent for most of its profits on one product. The Famous Grouse, whose future is determined as much by the marketing budgets for Guinness's Bell's and its peers as its own efforts.

Full-year figures for the 12 months to August were distorted by the one-off costs of the Macallan deal - peering behind the reported 14 per cent fall in pre-tax profits from £42.9m to £37.1m, the underlying picture is rather

more prosaic with a 2 per cent rise in turnover to £184.8m resulting in pre-interest profits that were flat at £36.5m.

With the bulk of Grouse sales still made in the UK, Highland was hit hard by a 4 per cent decline in the overall Scotch market, even if it slightly outperformed the rest of the industry and gained a bit of share. Europe and America did well but they are relatively small in group terms and Highland has an insignificant share of the interesting Asian markets.

The susceptibility of Grouse to initiatives from Bell's was underlined by a 7 per cent fall in volumes in the on-trade compared to a 2 per cent rise for Bell's, which has targeted the pub market. In the off-licences, by contrast, Grouse held its own while Bell's declined by 11 per cent.

Those figures underscore the difficulties inherent in the spirits business - flat world demand, small price rises if any and the need to spend heavily just to maintain brand awareness and market share. Guinness and GrandMet are at least now singing from the same hymn sheet as regards phasing out discounts to pay for greater mar-

keting, which will help Highland's determination to hold the line on prices, but it will be a long haul.

On the basis of forecast profits of about £42m and earnings per share of 21p, the shares trade on a prospective price/earnings ratio of 16 after yesterday's 9p fall to 330p. The shares have been in a slow relative decline for three or four years now and it is difficult to see how they will reverse the trend. High enough.

Burford shares are hot property

More than any other business, with the possible exception of the media, investment in quoted property companies is distorted by a cult of the personality. Some developers create a reputation for shrewd timing and astute purchases that bears little relation to reality but, while it lasts, gives them and their share prices an enormous leg-up, letting success breed on success.

Two of the sector's brightest wunderkinder at the moment are Burford's Nigel Wray and Nick Leslau, who yesterday announced the latest of a string of deals this year, buying a Glasgow shopping centre for £16m. It was not a big deal in itself, but it cast the spotlight back on the duo, who have done their shareholders proud in the eight years since they lighted on the small ground rent collector and started transforming it into one of the sector's most significant players.

Burford's shares have more than doubled since the beginning of 1995 and risen five-fold in the past four years. A small number of hugely successful deals, such as the acquisition of the Trocadero, an underperforming leisure site in central London, have transformed the balance sheet, pushing net assets to more than eight times their level 10 years ago. Add to that the fact that the shares now trade at a premium to those assets (in anticipation of further growth) and shareholders have nothing to complain about.

The company operates on an Armageddon scenario which ensures that even if every tenant were to leave at the end of their lease and were not replaced, there would still be enough rent from other properties to pay the interest bill and keep the banks happy. It also has a self-imposed ceiling of 100 per cent gearing to stop things running out of control in the good times.

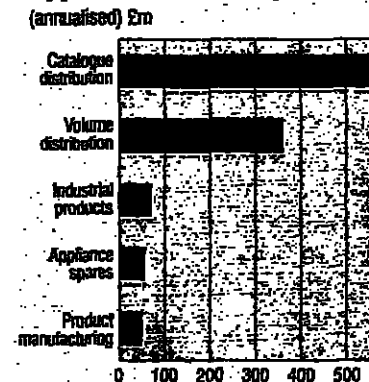
If anyone is to benefit from the expected upturn in the commercial property market, Wray and Leslau will. Good long-term value.

PREMIER FARNELL: AT A GLANCE

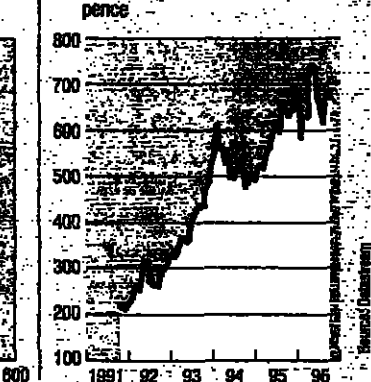
Market value: £1.8bn, share price 660p

Five year record	1994	1995	1996	1995/96	1996/97
Turnover (£m)	320	374	429	6 months	6 months
Pre-tax profits (£m)	32.7	38.8	78.3	71.3	56.1
Earnings per share (pence)	21.2	27.2	52.7	44.4	35.1
Dividends per share (pence)	7.0	8.6	10.3	4.4	5.2

Approximate sales by division



Share price



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Dr. J. A. J. J. J.

sport

The more prosperous and fashionable of the clubs are likely to pose a greater threat to Welsh club rugby than league ever did

It would be a brave or foolish gambler who would put money on Neath to beat Harlequins at The Stoop next Saturday. The Quins have already defeated Cardiff and Swansea, on neither occasion playing their best team, whereas the Welsh clubs fielded more or less their first choices.

Last Saturday Brive defeated Neath in the Heineken European Cup. Despite the fact Llanelli beat Leinster and Pontypridd beat Treviso on the same day, and Cardiff (through a drop goal by Jonathan Davies) beat Wasps on Sunday, the overall record of Welsh clubs against outside opposition has not been outstanding.

In the second-order European Conference competition, Newport, Newbridge, Bridgend, Treorchy, Duvant and Ebbw Vale went down respectively to Agen, Glasgow, Cas-

tres, Bristol, Orrell and Gloucester. Only Swansea, who should in justice be competing in the Cup proper, managed a win, against London Irish.

As I predicted at the end of last season, the First Division Courage League clubs or, at any rate, the more prosperous and fashionable of them – Bath, Harlequins and Wasps, not to mention Richmond and Newcastle in the Second Division – are likely to pose a greater threat to Welsh club rugby than rugby league ever did. Indeed, if we look at the position more broadly rather than in a specifically Welsh context, we may conclude that it is now union which threatens league rather than the other way about.

In football, an ambitious young man usually wants to play for Liv-

erpool, Manchester United, Arsenal or Spurs, irrespective of whether he comes from England, Scotland, Wales, Northern Ireland or the Republic of Ireland. They are the best clubs, and they happen to be in England. The various national football selectors choose from them without the slightest hesitation or embarrassment. In fact Jack Charlton, when he was assembling the Republic's side, was not only lacking in embarrassment but positively shameless.

I do not expect rugby to reach this stage – or not quite. But inevitably more and more talent is going to be drawn from the poor regions of the British Isles towards England because that is where the money is. In particular, it will be drawn towards the South-



ALAN WATKINS

East because that is where most of the money is. But is it, I wonder, wholly a coincidence that Harlequins are now the most formidable side in the British Isles; that they are closely followed by Wasps, and that Saracens and Richmond occupy positions which neither they nor anyone else would have dreamt

of two seasons ago?

The Scots have always been comfortable taking players for their national side from English clubs: not only from London Scottish but from such clubs as Billy Steele's Bedford or Damien Cronin's Bath.

Indeed, many native Scots would maintain that they have been altogether too comfortable, and that to maximise your chances of a Scottish cap you had better sign up for London Scottish, one of the big English clubs or one of the Edinburgh old-boy sides.

The Irish have traditionally been equally comfortable, largely because the problem did not exist. In the last year, however, internationalists have been crossing the Irish Sea with the ease and abandon of the Celtic Saints of old, who, it was be-

lieved, could walk on the water. They have gone chiefly to London Irish and to Saracens.

There is now a crisis because the national team is selected more from the provinces than from the clubs. Naturally the English clubs, including London Irish, do not want their players going off to Ireland for provincial games or trials and missing training or League matches. The rational solution is for the Irish to hold their national training sessions at Sunbury on Thames.

But it is the Welsh who will find the transition most uncomfortable because we have always been so arrogant about our club rugby. This attitude persists. Great pressure was put on Gareth Llewellyn to stay in Wales and not to move to Harlequins. It seems he has been forgiv-

en because he remains in the Welsh side. Scott Quinnell, of Richmond, is having contract trouble but as soon as it is sorted out it looks as if he will be back too.

His younger brother, Craig, has been playing even better for the same club and should be in the Welsh side as well, either at lock or at No. 6. So, above all, should Allan Bateman, also now of Richmond. He should play outside Scott Gibbs of Swansea. In Saturday's encounter with London Scottish, Bateman was undoubtedly man of the match. The presence of the Welsh selectors Geoff Evans and Terry Cobner limited that the old parochialism might be dying. I hope it does. It will have to if Wales are to field their best side.

Williams wait for Schumacher factor's effect

Damon Hill gave the championship a final gloss and Formula One went into official recess with the cosy feeling that the earnest endeavours of an honourable man had been rewarded.

That carefully applied veneer could not, alas, disguise the reality that this had been a largely unspectacular season, the ease of Hill's concluding victory in the Japanese Grand Prix serving to highlight the fact.

Eddie Irvine recently expressed the opinion it had not been a world championship but a Williams championship. In truth, it never quite became that good. Jacques Villeneuve turned no chance into a slim chance, getting to grips with Formula One too late to catch up with Hill.

It is not the first time one team has been streets ahead of the rest and will not be the last. In the past, however, there have been classic domestic duels which have ignited the championship: Alain Prost v Ayrton Senna at McLaren, Nelson Piquet v Nigel Mansell at Williams.

This season was reminiscent of 1993, when Prost's title was virtually a foregone conclusion, his progress only occasionally interrupted by Senna when freak of circumstance permitted. The Frenchman's team-mate made no challenge, whether or not he was able to. Hill accepted the role of dutiful No. 2.

Riccardo Patrese had been a more reluctant supporting act to Mansell's command performance the previous year, and although the Englishman's title was never in question he at least gave the impression he was exploring the limits of the Williams. As Patrick Head, the team's technical director, recently reminded us: "I like to see the car have its neck wrung."

That was not Prost's style and it is not Hill's style. Britain's latest champion is at his best pacing himself at the front and the superiority of the Williams provided him with that luxury.

Williams won 12 of the 16 races this season, and all four reverses are regarded by the team to have been self-inflicted. A bizarre Monaco Grand Prix, in which three cars finished and a Ligier, driven by Olivier Panis, won, was a cruise for Hill until

Derick Allsop on a Formula One season when one team achieved too great a dominance

he joined the list of retirements. The other three races went to Michael Schumacher, the one driver capable, as Senna was in 1993, of seizing on the slightest opportunity. His brilliance was assisted, at a wet Barcelona, by the settings on the two Williams, at Spa he profited from a mix-up in the pit to driver communications and he had the incomparable pleasure of driving a Ferrari to victory at Monza after mistakes by Hill and Villeneuve.

There was simply no genuine competition. Ferrari relied on Schumacher's unequalled talent. Benetton revealed how much they had relied on it, and McLaren were still trying to make up lost ground. The rest remained in the Second Division.

Head said: "It sounds a bit big-headed, but I have to say I've been a bit disappointed with the lack of competition. Taking nothing away from Schumacher, because he is outstanding, but we've made a mess of it at some races and you can't afford to give him such opportunities."

Williams will take ample consolation from their overall performance this year which justly earned a record equalling eighth constructors' championship. They were self-critical enough to admit they needed to sharpen their act and they did. They now feel they must sharpen it further if they are to retain their title.

Schumacher's contribution to a season in which he surrendered his championship actually enhanced his reputation and standing above all others, even if he could not always contain his contempt for his main rival. Again, shades of Senna.

Not only pre-eminent on the track, but also smart enough off it to win over everyone in his team. Schumacher never publicly criticised the slapstick incompetence Ferrari demonstrated mid-season, a lesson Hill might take on board.

Martin Brundle observed: "That was extremely classy of

Schumacher. He no doubt kicked their backsides behind the scenes, but out in the open he was calm and understanding while all around him seemed to be collapsing."

Williams have already figured Schumacher will be their chief opponent next season, and they patently believe they are more likely to resist him with Heinz-Harald Frentzen, rather than Hill, alongside Villeneuve.

Schumacher's recent assertion that he and Ferrari may have to wait until 1998 to realise their full potential is seen by Frank Williams as a cunning ploy by the German.

"Michael is very good at that," Williams said. "The more he says he doesn't think he can beat you, the more he means he is really going to get you between the shoulder blades."

"His going to Ferrari has been good for Ferrari and Formula One. Without him they would still be really struggling. He's given them great hope. The last thing Formula One needs is Ferrari 'au revoi'ing the scene. Michael will certainly be the linchpin that keeps them in for a long time."

"I'd love him in my car, but I don't believe it will ever happen. He's just used to receiving so much money. Although we're always trying to beat him, people probably think we're his mortal enemies, which we're not."

"We're just as big a fan as everybody else. He's a brilliant driver. He's the class of the field. Any team that doesn't have Michael has a problem."

Williams consider Ferrari's progress with their engine another ominous pointer for next season. If the new car – understood to bear a remarkable resemblance to the Williams – is as effective then the Oxfordshire camp will have serious cause for concern.

"The trend at Ferrari is upward and what they've done with the V10 in one season is astonishing," Williams said. "No one else has done that. So they must know what they're doing. And they're going to get the car right."

The sport in general and Germany in particular is already anticipating a weighty confrontation between Schumacher and Frentzen. Compatriots,



Big in Japan: Damon Hill reads all about it

Photograph: Steve Etherington/Emphas

former team-mates and the added ingredient that Mrs Frentzen was once Frentzen's girlfriend represent a potentially explosive cocktail.

Williams said: "There's been a lot of hype about Frentzen being as quick or quicker than Michael, but I don't know. Lots of people are good till Formula Three, then peter out. On the other hand, Alan Jones [Williams' first world champion in 1980] was never anything special till he got into a grand prix car. So it works both ways."

"I always take the pessimistic

view, every year, every day even, and I'm surprised we had such an edge this year. I'm delighted about it but I'm not crowing because I really mean it when I say we're going to be up against it next year."

"The rules are so tight and the others are making progress but don't tell Adrian [Newey] there's less scope for us to make progress. He's been sweating like hell in the wind tunnel, bless him."

Williams may have discarded Hill, but they are holding Newey, their chief designer, to

his contract in the face of attempts by McLaren to lure him away, a measure of his talent.

McLaren and Benetton will hope they, as well as "Scuderia Schumacher", can threaten Williams next season, but we ought at least to be assured a Villeneuve-Frentzen battle.

For Hill, he should have plenty of endorsements and personal sponsorship deals to boost his pension fund. If he can lead TWR Arrows to the head of that Second Division he will be the richer in sporting terms, too.

Brewers ready to stand another round

Rugby Union
CHRIS HEWITT

The first real sign that an outbreak of sanity is about to refresh those parts of the British rugby community that seemed beyond the reach of reason less than a fortnight ago emerged yesterday when Heineken, sponsors of the European Cup, signalled their desire to establish new long-term links with the game.

The brewers have received sufficient assurances from the competition organisers, European Rugby Cup Limited, to persuade them not only to stay on board until their existing deal runs out at the end of next season but also to discuss the possibility of a follow-on agreement worth substantially more than their current £5m contribution.

Given that many of the leading ERC figures are also involved in the various factions manoeuvring for prime positions in rugby's new professional landscape, Heineken's vote of confidence suggests stability is finally in sight after months of upheaval. It is a far cry from the situation that prevailed last Friday night, when Heineken representatives were wondering whether they should bother.

Having seen a £15m network broadcasting deal with ITV slip away through the neglect of ERC, the sponsors were understandably reticent about paying out significant sums to a piper whose tunes seemed of the loony variety.

"There was a wobble, yes," said Jolyon Armstrong, the Heineken spokesman, yesterday. "We reserved our position for obvious reasons; it was a sticky situation for every one."

We are experienced enough in the field of sports sponsorship to appreciate that new ventures are always likely to have

teething troubles. We needed some reassurance, which we duly received."

Armstrong said he was hopeful that television coverage, restricted last weekend to an SAC broadcast of the Wasps-Cardiff game, would expand. Sky and the BBC are involved in discussions, which should bear fruit by the quarter-finals.

By that time, Scotland will be extremely fortunate to have any direct interest. All three of their district sides were defeated in the opening round of matches at the weekend and the quality of opposition is such that there may be little or no relief as the pool phase unfolds.

However, the Scots have laid an important foundation stone for next season's putative Super League by constituting Edinburgh, the Scottish Borders and Caledonia Reds as clubs rather than districts to meet expected entry requirements.

Scott Hastings, a virtual certainty to lead his country against Australia next month in the absence of the injured Rob Wainwright, admitted after Edinburgh's defeat by Bath on Saturday that existing club sides north of the border could not hope to survive in competitive Continental rugby.

One Scot who will not be appearing for anyone next season is the 22-year-old prop Jason Fayers, who was yesterday banned for four years for violent conduct. The Scottish Rugby Union viewed video footage of Fayers, a veterinary surgeon who plays for Edinburgh Academicals, punching Craig Halliday at a line-out during the match against Kelso in September.

As a result of the attack Halliday needed two metal plates inserted in a broken jaw. Fayers may yet find himself in even hotter water, for prosecution has not yet been ruled out.

Devils under fire

Ice hockey

Nottingham Panthers yesterday urged the Superleague to take action after one of their imported players was knocked out in a physical game with the Cardiff Devils.

Panthers took the unusual step of sending a videotape of the game to the league to "prove our point." Darryl Olsen, the Panthers' Canadian defenceman, was knocked out after allegedly being hit from behind during Saturday's match, which Panthers lost 3-7 on their own rink. The Cardiff import, Marty Yeuchuck, was thrown out of the game after the flare-up in the 52nd minute.

Panthers are particularly concerned about the Olsen incident, but there are other aspects of the match they want the Superleague to take a look at. A Panthers spokesman said: "We decided not to involve the police but to allow the Super-

league to deal with the matter. We have sent a tape of the game to them and hope they take the necessary action. They have the power to award penalties."

Olsen missed training yesterday, along with the forward Derek Laxdal who was also injured during the game. No one was available for comment at Cardiff Devils.

Sheffield Steelers will go to Finland next month for the semi-finals of the European Cup after completing a satisfying hat-trick of quarter-final wins. The British grand slam winners followed defeats of their Pool C rivals Hielo Jaka, of Spain, and Tilburg Trappers, of the Netherlands, with a 4-1 conquest of the section runners-up, Steana Bucharest.

In next month's semi-finals in Finland, they face the host club and Finnish champions, HPK Hämeenlinna, the Norwegian champions, Storhammar Hamar, and the top side from either Belarus, Estonia or Kazakhstan.

Montgomery faces opening-day test against Woosnam

Golf

Colin Montgomery is not often lost for words. But he was momentarily yesterday when told the name of his opponent in the first round of the World Match Play Championship at Wentworth on Thursday.

Europe's No 1 was drawn

against Europe's No 2, Ian Woosnam, in what is the first all-British opening-day tie at the event for 10 years. "I'm sure he won't be particularly impressed – as I'm not – but we'll both have to get on with it," Montgomery said.

The Ryder Cup pair have dominated the European season. Woosnam won the opening two

tournaments while Montgomery was resting, but the Scot returned with a victory and they have each had two further wins. When Woosnam missed the half-way cut in the German Masters two weeks ago, Montgomery clinched his fourth successive Order of Merit crown.

Montgomery will be trying to make it fifth-time lucky in the

World Match Play. He went out to Nick Faldo in the quarter-finals in 1991, to Corey Pavin at the last four stage in 1993, to Els in the 1994 final and to Elkington in the quarter-finals 12 months ago.

There is one landmark which he is certain to achieve this week. Even if he crashes to the Welshman, the £30,000 loser's

cheque would put him through the £5m barrier in European tour earnings, a figure only Bernhard Langer and Faldo have reached before. Woosnam, the winner in 1987 and 1990, would move to within £105,000 of the mark himself if he took the £170,000 first prize on Sunday.

The American Mark Brooks, the winner of the US PGA

championship in August, awaits the winner in Friday's quarter-finals.

WORLD MATCH PLAY (Wentworth, 17-20 October; seeded positions in brackets; 0815 and 1230; 60 S England (Aus) v S Shilder (US). Winner to play (1) E Els (GB), 0830 and 1245; Woosnam (GB) v C Montgomery (GB). Winner to play (4) N Brown (US), 0845 and 1200; (6) P McIsaac (US) v V Singh (PH). Winner to play (3) S Jones (US), 0900 and 1215; N Serrano (Spain) v (7) M O'Meara (US). Winner to play (2) J Letham (US).

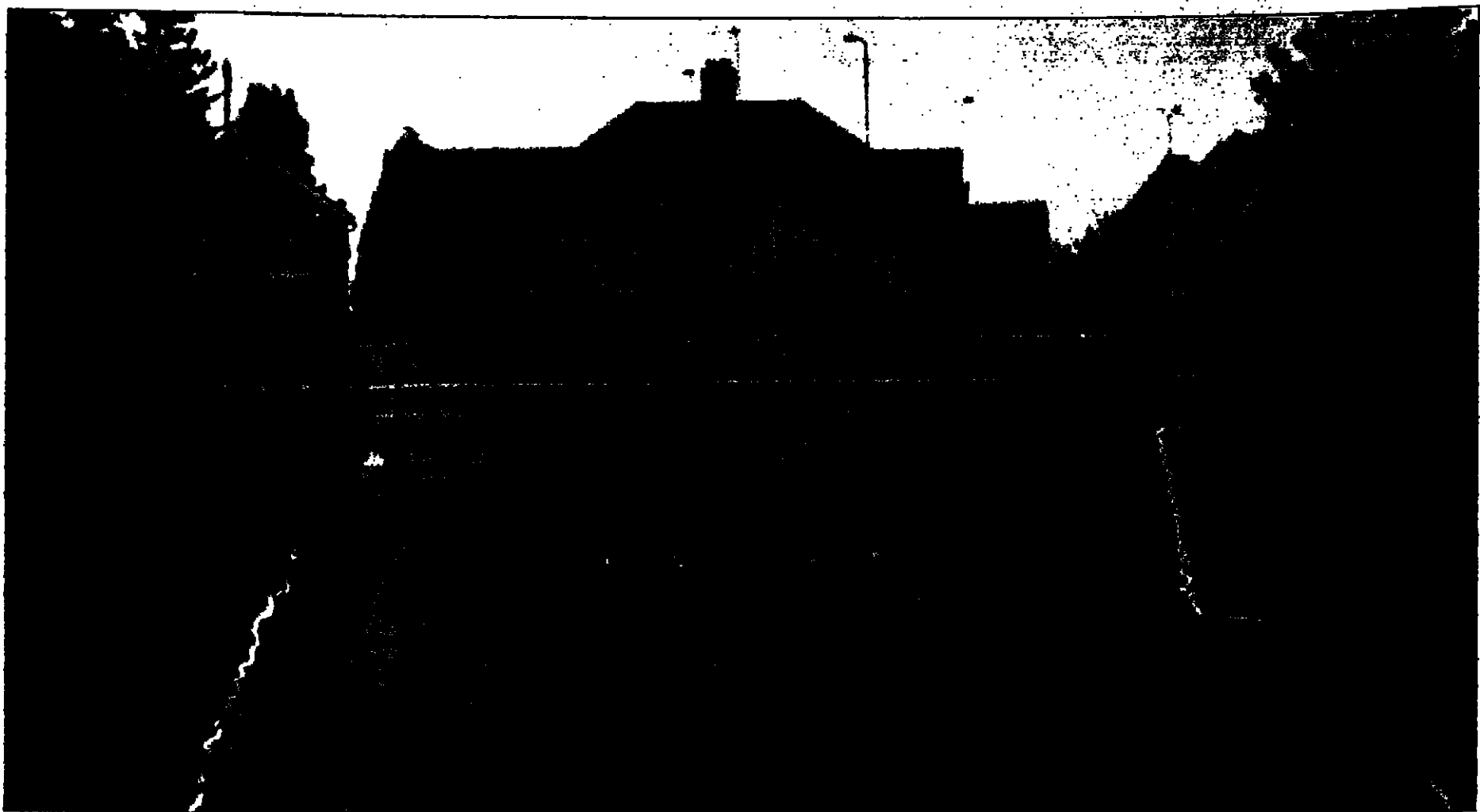


NEWS TO LOCK DOWNS IN SOUTH AFRICA TURN US

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Going straight: The 20 runners in yesterday's Badger Stakes at Leicester, won by Present Situation, career up the straight mile. Racing, page 25; photograph, David Ashdown

FA charges Bosnich over salute

Football
ADAM SZRETER

Mark Bosnich, the Aston Villa goalkeeper, has been charged with misconduct by the Football Association following his Nazi salute to Tottenham supporters at White Hart Lane on Saturday.

Bosnich gestured to the home fans of a club known to have a wide Jewish following after they had taunted him over an incident he had been involved in with Spurs' former German international striker Jürgen Klinsmann at Villa Park in January 1995. But although Bosnich insisted it was not meant to be taken seriously and has apologised for offending some Spurs fans, the FA have evidently decided it could have provoked crowd trouble. The police are also investigating the matter as a possible public order offence and a report will be sent to the Crown Prosecution Service when they have completed their inquiries. Villa will be taking no action against Bosnich and their manager, Brian Little, has assured Bosnich that his first-team place is safe. The Villa chairman, Doug Ellis, had hoped the incident would be closed after Bosnich had apologised – first

on Radio Five Live's 600 programme and then in a 400-word statement issued yesterday. Ellis said: "He has apologised very fully and I had hoped this would be the end of the matter and the club won't be taking action against Bosnich. I've since seen what he did, and I'm sure he did not mean any malice."

Little added: "Mark is an ex-

traveller who likes a bit of attention but he knows in this case he did something that was taken the wrong way and is full of remorse. He is a nice guy who wouldn't intentionally hurt people."

Bosnich has clearly been taken aback by the volume of criticism over his actions and suggestions that he is a racist. In his statement he said: "What

I did wasn't meant to harm, it wasn't meant to offend. It wasn't meant to upset anyone. To anyone I've upset, I'm profoundly sorry and I can't be any more sorry myself."

"Ever since the Klinsmann incident I have been cast a villain by Spurs fans. When an amusing reference was made to the incident on Saturday I min-

icked the Basil Fawlty salute as a mere jocular acknowledgement of the crowd's banter."

"I was astonished to be booked, let alone to raise the effect it later generated. Once again, I am very sorry if I offended anybody, no offence was intended, only comical mimicry."

The Arsenal striker Ian Wright has also been charged

with misconduct by the FA. Wright was reported to have called the Sheffield Wednesday manager, David Pleat, a "pervert" in the aftermath of a game at Hillsborough on 16 September. He has been ordered to attend an FA disciplinary commission on a date to be arranged.

To complete a day of misconduct cases at Lancaster Gate, Bryan Robson and Graeme Souness, the managers at Middlesbrough and Southampton respectively, have both been similarly charged. Robson has been fined £1,500 and warned to his future conduct over remarks made to referee Michael Riley after the match with Nottingham Forest at the City Ground on 24 August.

Robson has also been ordered to give a written undertaking not to become similarly involved with match officials in the future. Souness has been fined £750 and warned about his future conduct as the result of remarks made to Riley after the Leicester-Southampton match at Filbert Street on 21 August.

The Scottish FA have handed Falkirk's Albert Craig a two-match ban in addition to the five he has already missed for striking Patrick's Gareth Evans in the players' tunnel in August. The SFA were using video evidence of an incident for the first time.

RUPERT METCALF

Newcastle fear Budapest battle

Manchester United are not the only team travelling to one of Europe's football hot-spots this week. While the Premiership champions prepare for tomorrow's Turkish test, Newcastle United face what could be something of a battle in Budapest tonight.

The Magpies take on the Hungarian champions, Ferencváros, in a UEFA Cup second-round first-leg match. The home fans have a bad reputation: a near riot during their team's first-round win over the Greek side, Olympiakos, earned a £53,000 fine and a severe warning from UEFA, European football's governing body.

"This is a real test for us, a step up from Halmstad," Kevin Keegan, Newcastle's manager, said. "Anybody in the world would tell you that it will be difficult." He has defensive problems to sort out: Steve Howey is out with a calf injury and Philippe Albert is very doubtful with a twisted knee. Robbie Elliott stands by to deputise.

At least Faustino Asprilla will be available. The Colombian, who went missing last week after playing for his country in a World Cup qualifier, arrived at Newcastle airport yesterday morning 10 minutes before the rest of the Newcastle party – complete with a visa obtained in Bogotá.

Alan Mullery, the 54-year-old former Fulham, Tottenham and

England wing-half, is the new director of football at Barnet. Mullery, previously manager of Brighton, Charlton Athletic, Crystal Palace and Queen's Park Rangers, will be assisted at Underhill by the new first-team coach, Terry Gibson – another former Spurs player.

The Professional Footballers' Association will announce the result of its ballot on possible strike action by Nationwide League players at the weekend. Ballot forms have to be in by tomorrow and, if the vote is in favour, League clubs will be given seven days' notice. The strike would then come into effect on 1 November, with the Grimsby against Sheffield United game on Sky Sports 3 two days later the first game under threat. The

PFA's dispute with the Football League is over the players' share of television payments.

David Pleat will give Sheffield Wednesday's record £3m signing, Benito Carbone, his Premiership debut against Blackburn at Hillsborough on Saturday. "It's a big coup for our club – and a big one by anybody's standards," Pleat said of the 25-year-old former Internazionale attacking midfielder. "I'm looking forward to him scoring a few defences."

The Derby County striker Marco Gabbiadini, a £1m signing from Crystal Palace, five years ago, has joined Birmingham City on a month's loan. He has been unable to claim a regular place in County's Premiership side this season.

Life ban for top British bobsleighter

MIKE ROWBOTTOM

Mark Tout, Britain's best bobsleighter over the past 10 years, was banned for life yesterday after failing a random drugs test.

The 35-year-old former Army sergeant, a member of the British team at the last Winter Olympics, admitted the offence after testing positive for an anabolic steroid last month.

"I completely regret doing it," he said yesterday. "You see the stories, I've seen what it's done to other people and people's careers. I wouldn't want anybody to feel how I feel at the moment. But at the same time I'm not blind, I see what goes on in the world and I see what goes on in sport in general. You take your own position on that."

Tout helped British bobsleighters enjoy their best Winter Olympics for 20 years in Lillehammer in 1994. He was sixth with Lemax Paul in the two-man event and a member of the four-man team which finished fifth. He also advised Prince Albert of Monaco, who was competing at his third Olympics.

Speaking on Radio Five Live yesterday, Tout said he had been tempted to try steroids after suffering with back and leg injuries for an extended period.

"I was getting treatment for my injuries with no success. I was speaking to various people and taking some advice that maybe taking drugs would help my problem. That was one reason why I tried it."

"And in terms of the injury it has certainly helped. When you are training hard and the injury keeps breaking down it speeds up the healing in the period afterwards."

He said that the pressure of trying to win a gold medal had played its part in his decision. "I don't think I wanted to admit that... but I am under certain pressure and maybe that's why I did it. It's difficult to appreciate it I think."

Tout said he felt he wouldn't be caught – "otherwise I wouldn't have done it" – but confirmed that he would not be appealing against the ban.

"I feel like I've failed," he said. "I've come a long way in the sport. When I first started it 15 years ago in this country we were a name and we just took part. Now the sport has a

profile and we have won medals over recent years and I have worked very hard to achieve that. I feel I have spoiled that by making a silly mistake. I have come so close and I know I won't get the chance to complete the picture."

As to what the future held, he added: "I have to pick up again and concentrate on survival. All my funding's cut, all my support is cut immediately this came out. I have to deal with it. It's very, very difficult. But I'll have to get on with life and I have to find some employment."

Nicky Phipps, Tout's former British team-mate, said the news had come as a great shock, adding: "I've known Mark for a long, long time and we were team-mates for many years."

"Within our sport, we know it has gone on over the years through the other countries and I suppose we never expected it to happen to us really."

Henrietta Alderman, secretary of the British Bobsleigh Association, confirmed that it was the first such case in British bobsleighting, although there have been other drug cases internationally.

She added that Sean Olsson, the second-choice driver for Britain in the last Winter Olympics, would have pushed him hard for the top spot at the next Olympic trials for the Nagano Games of 1998.

"Mark has been a dominant figure. But we have a lot of talented and hungry bobsleighters coming through now," she said.

The BBA issued a statement, saying: "The life ban was imposed by the disciplinary committee of the British Bobsleigh Association and subsequently ratified by the sport's governing board."



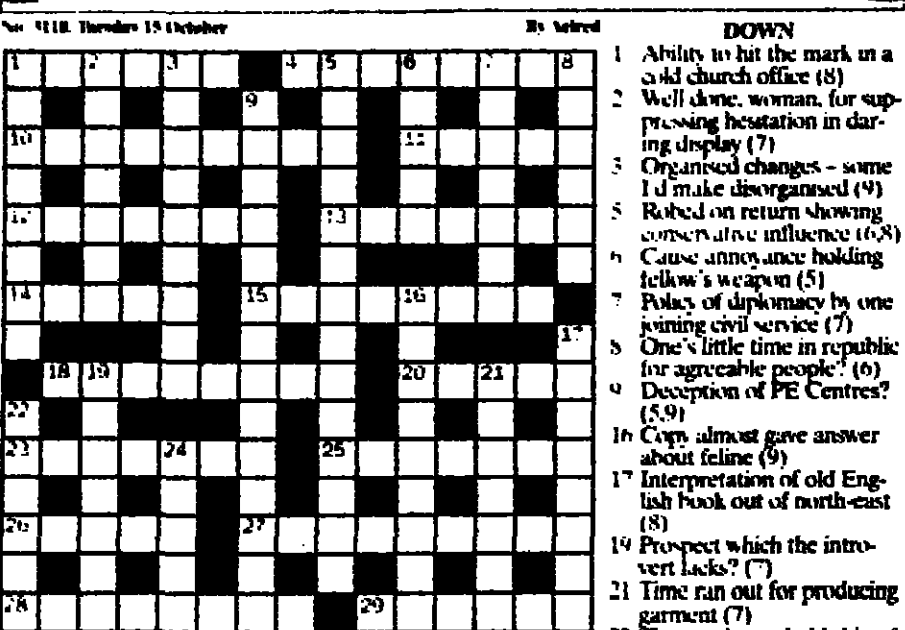
Tout admits steroid abuse

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- ACROSS**
- Chain could be on the watch, essentially Finnish (6)
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 - Linked masms which can be very cutting (9)
 - Foreign Office practice abandoned by Tim in centre (5)
 - Crudely scour outside of gold making much noise (7)
 - Before time is up one lacks company (7)
 - Animal fur could exemplify such a one (5)
 - Demure pink flower (8)
- DOWN**
- Ability to hit the mark in a cold church office (8)
 - Well done, woman, for suppressing hesitation in daring display (7)
 - Organised changes – some 14 make disorganised (9)
 - Robbed on return showing conservative influence (6,8)
 - Cause annoyance holding fellow's weapon (5)
 - Policy of diplomacy by one joining civil service (7)
 - One's little time in republic for agreeable people? (6)
 - Deception of PE Centres? (5,9)
 - Cop almost gave answer about feline (9)
 - Interpretation of old English book out of north-east (8)
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Triumph over the twin impostors



DAMON HILL

It's the perfect end to a perfect season. I cannot begin to describe how elated I feel at having achieved the goal I have been striving for the past four years.

To have won the first race and the last race, plus six in between pretty much sums up the year. I've led the championship right from the start and throughout the season. I've started on the front row of the grid for all 16 races and I have won half of them. It's something I'm very proud of. I could not have done any of that without the superb work of my four mechanics, Bob Davis, Les Jones, Paul West and Matthew Whyte. I must also thank my engineer, Tim Preston. This was Tim's first season playing that particular role in Formula One and he has dealt with the pressure incredibly well. Adrian Newey, designer of the Rothmans Williams-Renault FW18, apart from designing yet another championship-winning car, has also worked with me all season, as has Denis Cheverier, my engineer from Renault. A special thanks to them. But of course, all members of the Rothmans Williams-Renault team have been essential in my victory. Their performance has been nothing short of brilliant.

Of course, I mustn't forget members of my supporters' club and everyone who got up early – or perhaps never went to bed – in order to watch the race live on Sunday. It's a tremendous feeling to have made it worthwhile for them: nothing pleased me more than to deliver a victory on top of everything else. I've never felt so happy to win a race. I experienced a similar feeling after my first grand prix victory in 1993: I wanted it to happen so badly and last Sunday's race was much the same even though I went into it knowing I only

needed a finish in the top six in order to secure the title.

It would have been easy to back off once I knew that Jacques Villeneuve was out of the race because, at that point, I became the 1996 world champion. But I wanted to win the race for everyone at Williams Grand Prix Engineering. It would be a means of saying thanks to more than 230 people, most of whom you never hear about because they work with great dedication behind the scenes and don't come to the races. It is the same for the team at Renault Sport in Paris, another extremely hard-working group who must take credit for their part in the success.

The hardest part was dealing with the mental battle during the final 15 laps as I tried not to think about the consequences of the championship and how I would celebrate while, at the same time, concentrating on winning the race and signing off in the best possible way for the team which has given me 21 victories in the past four seasons.

I shall never ever forget this period in my life. We have had some unbelievable experiences, reaching fantastic high points and occasionally plunging into some terrible low periods along the way. This season has been typical but such pressures are part and parcel of winning the

championship. Driving the car is only a small part of it. The most critical aspect is dealing with the ups and downs of the season: the moments when everyone has written you off and the bouts of over-enthusiasm when praise is heaped upon you, and it is assumed that you are going to become world champion even though it is mid-season and there are still eight races to go. Winning the championship is about keeping your head straight all the way through. I knew from experience that nothing can be taken for granted in this sport.

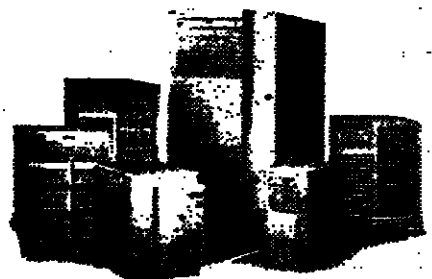
The opening lap of Sunday's race was a good example. I made a very good start, whereas Jacques did not. But I knew that I had not won the race simply because I had reached the first corner ahead of everyone else. I thought of the Italian Grand Prix when I was in a similar situation, only for it to go all wrong. I was telling myself to stay calm, drive cleanly and quickly, build up a lead and get to the finish. It worked perfectly. It's a terrific thing to happen and I can begin to enjoy the experience now that it's over. But I am the first to appreciate that fate could have stepped in and Jacques could have finished the season as champion.

Jacques has been a revelation. When he first came to the team, I didn't know what to think but I quickly reached the conclusion that he's a very fine racing driver. I've enjoyed being with Jacques; there has not been a harsh word between us.

I have no doubt that Jacques will be a world champion of the future. It's an experience I can strongly recommend. The realisation is dawning but seeing that chequered flag on Sunday was a beautiful moment, one I will remember forever.

MORSE

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